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Clifton H. Scott
Oklahoma State Auditor & Inspector

STATE OF OKLAHOMA

SINGLE AUDIT
FOR THE YEAR ENDED
JUNE 30, 1988

STATE OF OKLAHOMA

SINGLE AUDIT

FOR THE YEAR ENDED

JUNE 30, 1988

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1907

STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR
OKLAHOMA CITY

CLIFTON SCOTT
State Auditor and Inspector

100 State Capitol
Oklahoma City, OK 73105
405/521-3495

TO THE GOVERNOR AND MEMBERS OF
THE LEGISLATURE OF THE
STATE OF OKLAHOMA

Transmitted herewith is the Single Audit Report of the State of Oklahoma for the fiscal year ended June 30, 1988. The audit was conducted in accordance with the requirements of the Single Audit Act of 1984 (Public Law 98-502) and the provisions of the Office of Management and Budget Circular A-128, Audits of State and Local Governments. As provided by the Act and Circular, our study and evaluation of the internal accounting and administrative controls of the federal financial assistance programs and our tests of compliance with laws and regulations of these programs did not include those federal financial assistance programs administered by the state public universities and colleges.

The review of internal controls and compliance disclosed certain findings as detailed in this report. The report also contains our recommendations regarding each finding. Management has been requested to respond to the findings and recommendations in the Single Audit Report in writing within 60 calendar days of the date of the issuance of this report. Those responses received within this time frame will be issued under a separate cover in a report entitled Responses to the Single Audit Findings/Corrective Action Plan.

Clifton H. Scott

CLIFTON H. SCOTT
State Auditor and Inspector

December 15, 1989

THIS REPORT IS DEDICATED BY THE

STAFF OF THE STATE AUDITOR'S OFFICE

IN MEMORY OF OUR DEPUTY

STATE AUDITOR AND FRIEND

ROBERT W. BURCH
(1923-1989)

STATE OF OKLAHOMA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 1988

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STATE OF OKLAHOMA
SINGLE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

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REPORT OF STATE AUDITOR AND INSPECTOR

STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR
OKLAHOMA CITY

CLIFTON SCOTT
State Auditor and Inspector

100 State Capitol
Oklahoma City OK 73105
405/521-3495

TO THE GOVERNOR OF THE
STATE OF OKLAHOMA

We have audited the general purpose financial statements of the State of Oklahoma as of and for the year ended June 30, 1988, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the State of Oklahoma's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Oklahoma Educational Television Authority, the Department of Commerce, or the Commissioners of the Land Office, which statements reflect total assets and revenues consisting of 2.4% and 2.0%, respectively, of the related governmental fund type totals. We did not audit the financial statements of the enterprise fund, which statements reflect total assets and revenues consisting of 98.0% and 95.8%, respectively, of the related proprietary fund type totals. We did not audit the financial statements of the various pension funds, the nonexpendable trust fund, the State Employees Group Insurance Board, the Commissioners of the Land Office, or Deferred Compensation, which statements reflect total assets and revenues consisting of 88.0% and 79.2%, respectively, of the related fiduciary fund type totals. We did not examine the financial statements of the higher education fund type. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above mentioned entities, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The colleges and universities, other than the University of Oklahoma, Oklahoma University Health Sciences Center, Oklahoma State University, El Reno Junior College, Oklahoma City Community College, Tulsa Junior College, Carl Albert Junior College, and Western Oklahoma State College do not maintain plant ledgers with details of the values assigned to the investment in plant assets. We were not able to satisfy ourselves as to the fair presentation of such assets.

The general purpose financial statements referred to above do not include the financial statements of Southeastern Oklahoma State University and Sayre Junior College, which should be included to conform with generally accepted accounting principles. The omission of these financial statements from the higher education funds results in an incomplete presentation of the financial statements.

The aforementioned general purpose financial statements do not include a combined statement of changes in financial position for all proprietary funds and similar trust funds, nor a balance sheet for the general fixed assets account group, which should be included to conform with generally accepted accounting principles. The omission of these statements results in an incomplete presentation of the financial statements.

The aforementioned general purpose financial statements do not include the capital projects fund, which should be included to conform with generally accepted accounting principles. The State accounting system does not provide for the separate reporting of all capital project activities. Consequently, those transactions are reported within the other existing funds. We are unable to determine the net effect of this basis of presentation on the other funds.

The statement of revenues, expenses, and changes in retained earnings of the Oklahoma Turnpike Authority and all statements of the Student Loan Authority, which comprise 18.7% and 29.9% of the assets and revenues, respectively, of the enterprise fund, are prepared on the basis of cash receipts and disbursements. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred, and certain assets have been expensed and are not recorded on the balance sheet. Generally accepted accounting principles prescribe the accrual basis of accounting and reporting for enterprise funds. While the net effect of this departure on retained earnings for the Oklahoma Turnpike Authority is approximately $172 million, we were unable to determine the overall effect on the enterprise fund.

The property, plant, and equipment of the Oklahoma State Industries have been excluded from the combined balance sheet of the internal service funds. Generally accepted accounting principles require the presentation of those assets for internal service funds. Due to the nature of the accounting records, we were unable to determine the net effect of this omission on the internal service funds.

The property, plant, and equipment and inventories shown on the combined balance sheet of the internal service funds for the Office of Public Affairs represent the value as indicated in the records of the Office of Public Affairs. Due to the nature of the Office's records, we were unable to satisfy ourselves as to the presentation of the value of property, plant, and equipment and inventories.

The State is party to numerous lease-purchase agreements for equipment (primarily computer equipment). Generally, such leases meet the criteria for capitalization under generally accepted accounting principles, and accordingly, the State should record its obligation for those assets in the general long-term debt account group. The accounting records of the State do not permit the gathering of the information necessary to meet this reporting requirement, and we were unable to determine the effects of such obligations on the general long-term debt account group.

In our opinion, based upon our audit and the reports of other auditors, except for the effects of the omitted component units of the higher education funds and required statements for proprietary and similar trust funds and general fixed asset account group; the adjustments necessary to governmental fund types for capital projects; the cash basis of accounting for enterprise funds; the omission of certain assets from internal service funds; the valuation of certain assets of the internal service funds; and unrecorded lease-purchase obligations in the general long-term debt account group, the general purpose financial statements referred to in the first paragraph present fairly the financial position of the State of Oklahoma as of June 30, 1988, and the results of its operations for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Oklahoma. Such information, except for the statistical schedules which are unaudited, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, except for the matters discussed in the third through the tenth preceding paragraphs, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Clifton H. Scott

CLIFTON H. SCOTT
State Auditor and Inspector

December 15, 1989

COMBINED FINANCIAL SCHEDULES

STATE OF OKLAHOMA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUP
JUNE 30, 1988

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	DEBT SERVICE
ASSETS			
Cash and deposits with Treasury (Note 4)	$ 767,058,711	$ 116,815,403	$ 8,957,721
Cash and temporary investments, restricted	0	0	0
Accrued interest receivable	0	0	0
Investments (Notes 2 and 5)	0	0	0
Investments, at fair market value (Notes 2 and 11)	0	0	0
Other receivables	0	0	0
Accounts receivable	16,085,268	19,760,592	0
Due from other funds	613,058	1,128,963	0
Due from federal government	26,534,630	90,041,947	0
Due from other state agencies	712,567	20,718,296	0
Notes receivable	0	0	0
Inventories	6,641,821	9,044,935	0
Prepaid expenses	93,653	39,491	0
Property, plant and equipment (net) (Notes 2 and 7)	0	0	0
Restricted assets (Note 6)	0	0	0
Other assets and deferred charges	0	0	0
Amount available in debt service	0	0	0
Amount to be provided for retirement of general long-term debt	0	0	0
TOTAL ASSETS	$ 817,739,708	$ 257,549,627	$ 8,957,721
LIABILITIES AND FUND EQUITY			
Liabilities:			
Warrants payable	$ 136,400,101	$ 0	$ 0
Accounts payable and accrued liabilities	80,871,689	16,355,793	0
Notes payable	0	0	0
Unpaid losses and loss expenses	0	0	0
Due to other funds	0	0	0
Funds held in custody for others	184,910	0	0
Premium deposits and unearned premium	0	0	0
Other liabilities	73,907	1,711,064	0
Deferred revenues and deposits	0	6,112,572	0
Refundable motor fuel tax (Note 8)	0	0	0
General obligation bonds payable (Note 9)	0	0	0
Revenue bonds payable (Note 10)	0	0	0
Total liabilities	217,530,607	24,179,429	0

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	HIGHER EDUCATION FUND TYPE	ACCOUNT GROUP	
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	COLLEGES AND UNIVERSITIES	GENERAL LONG-TERM DEBT	TOTAL (MEMORANDUM ONLY - NOTE 2)
$ 71,145,841	$ 7,277,623	$ 749,617,852	$ 160,048,744	$ 0	$ 1,880,921,895
240,108,945	9,466,540	0	0	0	249,575,485
0	0	73,695,540	1,013,337	0	74,708,877
452,011,954	0	3,437,691,134	110,640,338	0	4,000,343,426
0	0	884,583,950	0	0	884,583,950
0	0	192,503,397	0	0	192,503,397
97,698,558	3,049,003	0	43,117,859	0	179,711,280
25,450,599	0	10,891,310	7,741,748	0	45,825,678
0	0	0	29,865	0	116,606,442
0	0	0	0	0	21,430,863
98,009,155	0	0	35,938,983	0	133,948,138
33,413,175	8,859,236	37,700,633	17,241,217	0	112,901,017
593,492	33,868	0	554,542	0	1,315,046
1,274,193,447	30,122,779	760,639	1,236,263,040	0	2,541,339,905
307,756,163	0	0	0	0	307,756,163
237,398,084	0	5,468,084	78,423,170	0	321,289,338
0	0	0	0	8,957,721	8,957,721
0	0	0	0	45,452,279	45,452,279
$ 2,837,779,413	$ 58,809,049	$ 5,392,912,539	$ 1,691,012,843	$ 54,410,000	$ 11,119,170,900
$ 0	$ 0	$ 2,127,746	$ 0	$ 0	$ 138,527,847
60,616,194	1,951,378	45,477,581	45,458,139	0	250,730,774
50,451,696	0	0	568,363	0	51,020,059
248,915,507	0	0	0	0	248,915,507
24,486,925	0	0	14,744,545	0	39,231,470
0	0	537,537,121	4,108,818	0	541,830,849
18,693,898	0	0	0	0	18,693,898
48,103,192	0	90,713,627	19,249,385	0	159,851,175
0	0	6,433,420	16,467,142	0	29,013,134
53,416,469	0	0	0	0	53,416,469
34,830,000	0	0	0	54,410,000	89,240,000
1,791,036,511	28,908,240	0	117,780,097	0	1,937,724,848
2,330,550,392	30,859,618	682,289,495	218,376,489	54,410,000	3,558,196,030

STATE OF OKLAHOMA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUP
JUNE 30, 1988

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	DEBT SERVICE
Fund Equity:			
Contributed capital	$ 0	$ 0	$ 0
Retained earnings:			
Reserved	0	0	0
Unreserved	0	0	0
Fund balance:			
Reserved:			
Encumbrances and contracts	30,659,923	228,855,040	0
Less amount reimbursable by federal government (Note 12)	0	(126,278,589)	0
Inventories	3,227,104	9,044,935	0
Net assets available for benefits	0	0	0
Permanent trust	0	0	0
Unemployment benefits	0	0	0
Other	3,039,270	0	0
Unreserved:			
Designated	100,000	0	0
Designated for debt service	0	18,338,160	8,957,721
Undesignated	563,182,804	103,410,652	0
Total fund equity	600,209,101	233,370,198	8,957,721
Commitments and contingent liabilities (Notes 12 and 13)			
TOTAL LIABILITIES AND FUND EQUITY	$ 817,739,708	$ 257,549,627	$ 8,957,721

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	HIGHER EDUCATION FUND TYPE	ACCOUNT GROUP	
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	COLLEGES AND UNIVERSITIES	GENERAL LONG-TERM DEBT	TOTAL (MEMORANDUM ONLY - NOTE 2)
5,082,712	0	0	0	0	5,082,712
59,110,871	9,466,540	0	0	0	68,577,411
443,035,438	18,482,891	0	0	0	461,518,329
0	0	0	719,493	0	260,234,456
0	0	0	0	0	(126,278,589)
0	0	0	0	0	12,272,039
0	0	3,936,021,268	0	0	3,936,021,268
0	0	531,005,000	0	0	531,005,000
0	0	165,254,294	0	0	165,254,294
0	0	0	0	0	3,039,270
0	0	0	0	0	100,000
0	0	0	0	0	27,295,881
0	0	78,342,482	1,471,916,861	0	2,216,852,799
507,229,021	27,949,431	4,710,623,044	1,472,636,354	0	7,560,974,870
2,837,779,413	58,809,049	5,392,912,539	1,691,012,843	54,410,000	11,119,170,900

STATE OF OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1988

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	DEBT SERVICE
REVENUES:			
Taxes	$ 2,338,448,983	$ 255,740,090	$ 11,897,886
Licenses, fees and permits	43,408,028	25,820,667	0
Income from money and property	84,198,936	617,585	442,620
Federal funds	765,179,348	349,481,753	0
Other	176,442,646	48,584,996	0
TOTAL REVENUES	3,407,677,941	680,245,091	12,340,506
EXPENDITURES:			
General government	115,638,368	79,015,384	0
Education	986,234,130	206,213	0
Transportation	0	462,607,509	0
Health and social services	1,350,100,186	33,232,065	0
Law, justice and public safety	236,873,481	14,150,326	0
Recreation and natural resources	56,270,954	20,696,127	0
Regulatory services	14,109,727	24,096,526	0
Principal retirement	0	0	12,557,084
TOTAL EXPENDITURES	2,759,226,846	634,004,150	12,557,084
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	648,451,095	46,240,941	(216,578)
OTHER FINANCING SOURCES (USES):			
Transfers in (including appropriations)	2,711,437,159	18,298,309	0
Transfers out	(2,902,939,293)	(30,109,953)	0
TOTAL OTHER FINANCING SOURCES (USES)	(191,502,134)	(11,811,644)	0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	456,948,961	34,429,297	(216,578)
FUND BALANCE, JULY 1, 1987 (Note 2)	143,260,140	198,940,901	9,174,299
FUND BALANCE, JUNE 30, 1988	$ 600,209,101	$ 233,370,198	$ 8,957,721

FIDUCIARY FUND TYPE	
EXPENDABLE TRUST	TOTAL (MEMORANDUM ONLY - NOTE 2)
$ 189,874,000	$ 2,795,960,959
0	69,228,695
16,411,847	101,670,988
3,756,724	1,118,417,825
63,506,883	288,534,525
273,549,454	4,373,812,992
76,770,081	271,423,833
3,952,000	990,392,343
0	462,607,509
130,141,973	1,513,474,224
0	251,023,807
0	76,967,081
0	38,206,253
0	12,557,084
210,864,054	3,616,652,134
62,685,400	757,160,858
6,856,830	2,736,592,298
0	(2,933,049,246)
6,856,830	(196,456,948)
69,542,230	560,703,910
157,342,546	508,717,886
$ 226,884,776	$ 1,069,421,796

STATE OF OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (STATUTORY BASIS) AND ACTUAL (NOTE 3) - GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 1988

	GENERAL FUND		
	Budget	Actual	Variance
REVENUES:			
Taxes	$ 2,336,979,153	$ 2,338,422,256	$ 1,443,103
Licenses, fees and permits	43,542,283	43,452,730	(89,553)
Income from money and property	86,828,113	85,371,628	(1,456,485)
Federal funds	837,838,882	758,314,173	(79,524,709)
Other	195,833,120	196,273,643	440,523
TOTAL REVENUES	3,501,021,551	3,421,834,430	(79,187,121)
EXPENDITURES:			
General government	136,930,716	119,924,905	17,005,811
Education	1,018,494,640	989,970,208	28,524,432
Transportation	0	0	0
Health and social services	1,398,970,835	1,355,909,246	43,061,589
Law, justice and public safety	237,526,169	247,534,387	(10,008,218)
Recreation and natural resources	63,633,926	57,478,905	6,155,021
Regulatory services	16,109,590	14,231,117	1,878,473
TOTAL EXPENDITURES	2,871,665,876	2,785,048,768	86,617,108
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	629,355,675	636,785,662	7,429,987
OTHER FINANCING SOURCES (USES):			
Transfers in (including appropriations)	2,584,500,174	2,711,437,159	126,936,985
Transfers out	(2,754,978,602)	(2,902,939,293)	(147,960,691)
TOTAL OTHER FINANCING SOURCES (USES)	(170,478,428)	(191,502,134)	(21,023,706)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	458,877,247	445,283,528	(13,593,719)
FUND BALANCE, JULY 1, 1987 (NOTE 2)	143,260,140	143,260,140	0
FUND BALANCE, JUNE 30, 1988	$ 602,137,387	$ 588,543,668	$ (13,593,719)

SPECIAL REVENUE FUND

Budget	Actual	Variance
$ 262,487,255	$ 249,127,589	$ (13,359,666)
27,203,045	25,557,225	(1,645,820)
255,958	604,793	348,835
350,053,460	272,951,458	(77,102,002)
27,356,810	17,717,666	(9,639,144)
667,356,528	565,958,731	(101,397,797)
80,130,076	67,654,902	12,475,174
220,879	206,213	14,666
659,680,167	495,903,117	163,777,050
45,454,850	31,370,074	14,084,776
4,535,881	12,767,062	(8,231,181)
21,329,045	20,085,442	1,243,603
27,631,924	25,058,346	2,573,578
838,982,822	653,045,156	185,937,666
(171,626,294)	(87,086,425)	84,539,869
14,260,743	18,298,309	4,037,566
0	(30,109,953)	(30,109,953)
14,260,743	(11,811,644)	(26,072,387)
(157,365,551)	(98,898,069)	58,467,482
198,940,901	198,940,901	0
$ 41,575,350	$ 100,042,832	$ 58,467,482

STATE OF OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1988

	PROPRIETARY FUND TYPES	
	ENTERPRISE	INTERNAL SERVICE
OPERATING REVENUES:		
Charge for sales and services	$ 426,623,201	$ 19,519,640
Interest and investment income	92,607,619	3,084
Sale of investments	136,549,040	0
Licenses, fees and permits	0	82,270
Contributions	0	0
Rental income	0	9,291,135
Other revenues	11,660,811	537,723
TOTAL OPERATING REVENUES	667,440,671	29,433,852
OPERATING EXPENSES:		
Operation and maintenance of facilities	374,905,943	14,619,382
Unpaid losses and loss expense	100,477,908	0
Interest and debt expense	131,261,290	0
Administrative and general expenses	74,272,105	5,821,741
Benefit payments	0	0
Refunds	0	0
Depreciation	39,738,143	710,430
Other expenses	26,632,986	6,331,857
TOTAL OPERATING EXPENSES	747,288,375	27,483,410
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(79,847,704)	1,950,442
OPERATING TRANSFERS IN (OUT)	29,822,021	2,235,317
Costs to be Recovered from Future Revenues	29,232,341	0
NET INCOME (LOSS)	(20,793,342)	4,185,759
RETAINED EARNINGS, JULY 1, 1987	339,020,509	23,763,672
Prior Period Adjustments	17,264,156	0
RETAINED EARNINGS, JUNE 30, 1988	$ 335,491,323	$ 27,949,431

FIDUCIARY FUND TYPES		
PENSION TRUST	NONEXPENDABLE TRUST	TOTAL (MEMORANDUM ONLY - NOTE 2)
$ 0	$ 0	$ 446,142,841
228,188,759	68,241,000	389,040,462
38,415,309	792,000	175,756,349
0	0	82,270
357,672,235	0	357,672,235
0	7,299,000	16,590,135
6,174,313	11,000	18,383,847
630,450,616	76,343,000	1,403,668,139
0	0	389,525,325
0	0	100,477,908
0	0	131,261,290
5,876,142	0	85,969,988
371,031,364	51,582,000	422,613,364
20,144,738	0	20,144,738
0	0	40,448,573
3,300,000	0	36,264,843
400,352,244	51,582,000	1,226,706,029
230,098,372	24,761,000	176,962,110
0	(3,119,000)	28,938,338
0	0	29,232,341
230,098,372	21,642,000	235,132,789
3,705,922,896	526,075,000	4,594,782,077
0	0	17,264,156
$ 3,936,021,268	$ 547,717,000	$ 4,847,179,022

STATE OF OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
HIGHER EDUCATION FUND TYPE
FOR THE YEAR ENDED JUNE 30, 1988

REVENUES AND OTHER ADDITIONS:	
Tuition and fees	$ 98,124,335
Federal appropriations	9,112,245
State appropriations	372,398,869
Local appropriations	8,201,490
Federal grants and contracts	100,853,666
State and local grants and contracts	22,034,256
Private gifts, grants and contracts	26,625,263
Sales and services of educational activities	6,357,039
Sales and service of professional practice plans	48,106,292
Other sales, reimbursements, etc.	13,861,203
Auxiliary enterprises and student activities	156,589,598
Expended for plant facilities	74,377,731
Retirement of indebtedness	6,594,075
Tax revenue	1,970,248
Investment and interest income	5,805,255
Student aid	625,838
Reduction in allowance for doubtful accounts	128,993
State school funds:	
Net increase in equity interest	3,093,438
Distribution of earnings	7,214,133
Gain on sale of investments	83,000
Other sources	12,059,126
TOTAL REVENUES AND OTHER ADDITIONS	974,216,093
EXPENDITURES AND OTHER DEDUCTIONS:	
Education and general	634,752,431
Auxiliary enterprises and student activities	142,738,666
Professional practice plans and clinics	41,718,254
Expended for plant facilities	39,701,314
Indirect cost recoveries	8,106,276
Sponsored research	0
Other sponsored programs	745,224
Cancellation of student loans	1,276,097
Administrative and collection costs	1,389,361
Interest on indebtedness	8,118,224
Bad debts and other	1,223,070
Renewals and replacements	35,168
Retirement of equipment	3,755,087
Retirement of indebtedness	6,427,737
Disposal of plant facilities	6,436,830
Depreciation and amortization	4,359,003
Other	9,426,462
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	910,209,204
EXCESS OF REVENUES AND ADDITIONS OVER (UNDER) EXPENDITURES AND DEDUCTIONS	64,006,889

TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS):	
MANDATORY:	
Interfund transfers	$ (6,227,361)
Principal and interest	(1,521,775)
NONMANDATORY:	
Interfund transfers	7,742,755
Student aid	0
Matching funds for energy grant	0
Retirement of obligation - capital lease	0
Excess of restricted receipts over transfers to revenue	256,848
TOTAL TRANSFERS AMONG FUNDS	250,467
NET INCREASE (DECREASE) FOR THE YEAR	64,257,356
FUND EQUITY, JULY 1, 1987	1,407,770,164
Prior period adjustment	608,834
FUND EQUITY, JUNE 30, 1988	$ 1,472,636,354

NOTES TO THE FINANCIAL STATEMENTS

STATE OF OKLAHOMA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 1988

1. Financial Statements and Description of Funds and Account Groups

A. Financial Statements - The accompanying financial statements of the State of Oklahoma present the financial position of the various fund types and an account group, and the results of operations of the various fund types. The financial statements are presented as of June 30, 1988, and for the year then ended, except (1) the Oklahoma Turnpike Authority, which constitutes 14.9% of the assets and 28.7% of the revenues of the enterprise funds, is presented as of December 31, 1987, and for its fiscal year then ended; (2) the Grand River Dam Authority, which constitutes 46.8% of the assets and 22.4% of the revenues of the enterprise funds, is presented as of December 31, 1987, and for its fiscal year then ended; (3) the State Insurance Fund, which constitutes 11.3% of the assets and 16.7% of the revenues of the enterprise funds, is presented as of December 31, 1988, and for the year then ended; (4) the Special Indemnity Fund, which constitutes .03% of the assets and 1.2% of the revenues of the enterprise funds, is presented as of December 31, 1987, and for the year then ended; (5) the Oklahoma Municipal Power Authority, which constitutes 10.1% of the assets and 9.1% of the revenues of the enterprise funds, is presented as of December 31, 1987, and for the year then ended; (6) the Oklahoma Water Resources Board - State Loan Program Revenue Bonds, Series 1985, which constitutes 2.1% of the assets and .8% of the revenues of the enterprise funds, is presented as of May 31, 1988, and for the year then ended; (7) the Oklahoma Water Resources Board - State Loan Program Variable Rate Revenue Bonds, Series 1986A, which constitutes 1.8% of the assets and .5% of the revenues of the enterprise funds, is presented as of August 31, 1988, and for the year then ended.

The financial statements include the various agencies governed by boards, commissioners, the State Legislature and/or constitutional officers of the State of Oklahoma.

B. Fund Accounting - The financial activities are recorded in individual funds classified by type and described below, each of which is a separate fiscal and accounting entity. The financial position and operations of each fund are accounted for in separate self-balancing accounts which represent the fund's assets, liabilities, equity, revenues and expenditures or expenses. The funds and account group are grouped by type in the financial statements. Capital projects funds have been included in the fund type that the controlling state agency is included in; therefore, a capital projects fund type has not been presented. The types of funds and account group utilized by the State are as follows:

Governmental Fund Types

General Fund - Transactions related to resources used for those services traditionally provided by a state government, which are not accounted for in other funds, are accounted for in the general fund. These services include, among other things, general government, law, justice and public safety, health and social services, recreation and natural resources, regulatory services, and education (other than higher education institutions). Resources obtained from federal grants and used for activities accounted for in the general fund consistent with applicable legal requirements are recorded in the general fund.

1. Financial Statements and Description of Funds and Account Groups (cont...)

B. Fund Accounting (cont...)

Governmental Fund Types (cont...)

Special Revenue Funds - Transactions related to resources, the uses of which are restricted to specific purposes, are accounted for in special revenue funds.

Debt Service Funds - Transactions related to resources used for the payment of interest and principal on general long-term debt obligations are accounted for in debt service funds.

Proprietary Fund Types

Enterprise Funds - These funds account for operations where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that the determination of net income is appropriate.

1. The Grand River Dam Authority controls the waters of the Grand River System to develop and generate water power and electric energy and to promote irrigation, conservation, and development of natural resources.

2. The Oklahoma Turnpike Authority is authorized to construct, maintain, repair and operate Turnpike projects at locations authorized by the State Legislature and approved by the State Department of Transportation.

3. The State Insurance Fund provides workers' compensation insurance coverage for employers throughout the State.

4. The Oklahoma Industrial Finance Authority assists with the State's industrial development. The Authority makes loans to authorized industrial development agencies or trusts and new or expanding industries within Oklahoma. These loans are secured by first or second mortgages on real estate and equipment.

5. The Oklahoma Student Loan Authority was created as a public trust under applicable Oklahoma statutes during 1972 with the State of Oklahoma named as the beneficiary thereof. The purpose of the Authority is to provide loans to qualified students at participating institutions through the issuance of tax-exempt revenue bonds.

6. The Department of Tourism and Recreation - Five Original Lodges operates five resort hotels, all located in State parks.

7. The Department of Human Services - Oklahoma Medical Center consists of Oklahoma Memorial Hospital, Oklahoma Children's Memorial Hospital, O'Donoghue Rehabilitation Institute, and an Administrative Staff Function which provides the other units with common general and administrative services. The Oklahoma Medical Center is affiliated with the University of Oklahoma Health Sciences Center whose medical school staff and residents provide patient care, in-service education, and administrative duties within the hospitals. The Center is under the jurisdiction, supervision, management, and control of the Department of Human Services.

1. Financial Statements and Description of Funds and Account Groups (cont...)

B. Fund Accounting (cont...)

Proprietary Fund Types (cont...)

Enterprise Funds (cont...)

8. The Special Indemnity Fund was established to relieve employers and their insurers of liability when the effect of an injury combined with a pre-existing condition results in a cumulative disability greater than the separate disabilities resulting from the pre-existing condition and the injury. All awards from this fund are made by the Workers' Compensation Court.

9. The Oklahoma Municipal Power Authority was created to provide a means for the municipal electric systems in Oklahoma to jointly plan, finance, acquire, and operate electrical power supply facilities necessary to meet the electrical energy requirements of their consumers. The Authority also sells electric power to its member municipalities.

10. The Oklahoma Water Resources Board provides monies to implement a state-wide loan program to local entities to provide for the acquisition, development, and utilization of storage and control facilities for water and sewage systems. These monies are provided by the issuance of revenue bonds.

Internal Service Funds - The internal service funds account for the financing of goods or services provided by one department to other departments of the governmental unit or to other governmental units on a cost-reimbursement basis.

1. The Oklahoma Capitol Improvement Authority is authorized to acquire land and to construct, maintain and operate buildings for the use of State and/or Federal agencies and departments at any place or location within the State of Oklahoma.

2. The Oklahoma State Industries and Institutional Farms, a division of the Department of Corrections, utilizes inmate labor from State correctional institutions to manufacture license plates, furniture and other products for State, county and municipal institutions. Food crops are grown and animals are raised for sale and use within the system.

3. The Office of Public Affairs has the following support and service responsibilities for all state agencies: (1) Central Purchasing, (2) Engineering and Architectural, (3) Motor Pool, (4) Central Printing, (5) Management of Inventory and Property and (6) Central Information Office for State Lands (mineral and surface leases, easements, right-of-way and sales for Capitol Complex and eleemosynary lands).

4. The Office of State Finance operates the Centrex telephone system which provides service to State offices located in the capitol complex.

1. Financial Statements and Description of Funds and Account Groups (cont...)

B. Fund Accounting (cont...)

Other Fund Types and Account Group

Fiduciary Fund Types - Fiduciary fund types account for transactions related to assets held by the State in a trustee or agency capacity. Fiduciary fund types are comprised of:

1. The expendable trust funds which reflect the financial position and operations of (a) the Oklahoma State Employees Group Insurance Board, a self-insured system that provides health, life and disability insurance coverage for State employees, their families, and the employees and families of political subdivisions; (b) the expendable trust portion of the Commissioners of the Land Office, State of Oklahoma, which receives lease rentals from the nonexpendable trust fund to pay the administrative costs of the nonexpendable trust and various conservation projects; and (c) the expendable trust portion of the Oklahoma Employment Security Commission which administers the trust assets, accounts for the collection of unemployment contributions and makes payments of unemployment compensation benefits.

2. The nonexpendable trust fund which reflects the financial position and operations of the nonexpendable trust portion of the Commissioners of the Land Office, State of Oklahoma. The Commissioners of the Land Office are authorized by the Constitution of the State of Oklahoma to manage assets granted to the State by the United States Government for the use and benefit of the school children of Oklahoma and other beneficiaries.

3. The pension trust funds which reflect the financial position and operations of the six State administered retirement systems. These include the Teachers' Retirement System of Oklahoma, Oklahoma Public Employees Retirement System, Oklahoma Firefighters Pension and Retirement System, Oklahoma Police Pension and Retirement System, Oklahoma Law Enforcement Retirement System, and the Uniform Retirement System for Justices and Judges.

4. Agency funds which account for the receipt and disbursement of various monies collected by the State for distribution to its political subdivisions and funds held in custody for others.

Higher Education Fund Type - Transactions related to the financial activities of State higher education institutions are accounted for in the higher education fund type. The combined financial statements include:

1. Major Universities

   - University of Oklahoma (Norman Campus, Law Center and Geological Survey).

   - University of Oklahoma Health Sciences Center.

   - Oklahoma State University (Stillwater Campus, School of Technical Training at Okmulgee, the College of Veterinary Medicine, the Oklahoma City Technical Institute, the Agricultural Experiment Station, and the Agricultural Extension Division).

1. Financial Statements and Description of Funds and Account Groups (cont...)

B. Fund Accounting (cont...)

Higher Education Fund Type (cont...)

2. Other Universities

- Central State University
- East Central Oklahoma State University
- Northeastern Oklahoma State University
- Northwestern Oklahoma State University
- Southwestern Oklahoma State University
- Cameron University
- Langston University
- Oklahoma Panhandle State University
- University of Science and Arts of Oklahoma

3. Other Colleges

- Carl Albert Junior College
- Rogers State College
- Connors State College of Agriculture and Applied Sciences
- Eastern Oklahoma State College
- El Reno Junior College
- Murray State College
- Northeastern Oklahoma Agricultural and Mechanical College
- Seminole Junior College
- Oklahoma City Community College
- Tulsa Junior College
- Western Oklahoma State College
- Oklahoma College of Osteopathic Medicine and Surgery
- Rose State College
- Northern Oklahoma College

Long-term Debt Account Group - Unmatured long-term general obligation bonds payable are reflected in the long-term debt account group.

2. Summary of Significant Accounting Policies

A. All Funds

Basis of Presentation - The accompanying financial statements have been prepared in conformance with generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants, Governmental Accounting Standards Board, and by the National Association of College and University Business Officers, except as otherwise noted.

Retirement Costs - Substantially all State employees, teachers, and employees of political subdivisions participate in one of the various State retirement systems as described in Note 11. Contributions to the various retirement systems are generally designed to fund current service costs annually, prior service cost over a forty-year period and increased costs resulting from legislative plan amendments for retired employees over a ten year period.

2. Summary of Significant Accounting Policies (cont...)

A. All Funds (cont...)

Intrafund and Interfund Transactions - Transfers of revenues from funds authorized to receive and expend such transfers have been recorded as other financing sources (uses) in the financial statements.

Beginning Fund Balance - All prior period adjustments and reclassification between fund types are reflected in beginning fund balance.

Total (Memorandum Only) Column - Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

B. Governmental Fund Types, Expendable Trust and Agency Funds

Basis of Accounting - The accounts of the general, special revenue, debt service, expendable trust and agency funds are reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues and assets are recognized when measurable and available to finance operations during the year or liquidate liabilities existing at the end of the year; expenditures and liabilities are recognized when obligations are incurred as a result of receipt of goods and services. Modifications to the accrual basis of accounting include:

- Self-assessed taxes, principally income taxes, sales tax, and fuel taxes, are recognized when reported to the collecting agency.

- Obligations for employees' vested annual leave and sick leave are recorded as expenditures when paid. A provision for employee vested annual leave could not be estimated and therefore, no provision has been made in the Long-term Debt Account Group.

- Interest on general long-term obligations reflected in the long-term debt account group is recognized in the debt service fund when paid.

- Executory purchase orders and contracts are recorded as a reservation of fund balance.

Cash on Deposit with U.S. Treasury - The Oklahoma Employment Security Commission Trust Fund is maintained to account for the collection of unemployment contributions from employers and the payment of unemployment benefits to eligible claimants. As required by law, all funds not necessary for current benefit payments are placed on deposit with the U.S. Treasury. Interest from these funds is retained in the fund.

2. Summary of Significant Accounting Policies (cont...)

B. Governmental Fund Types, Expendable Trust and Agency Funds (cont...)

Investments - Investments are generally stated at cost, which approximates market.

Capital Expenditures - Capital outlays are expensed when the assets are purchased.

Accounts Payable - Accounts payable for the Medicaid program are estimated based on figures generated by the Medicaid claims processing unit and assumptions based on historical data of processed claims.

The Budgetary Process - Expenditures of the general fund and substantially all of the special revenue funds are regulated by a state budgetary process. The executive branch prepares proposed appropriation bills and budgets based on budget requests prepared by the various State agencies. The total budgeted expenditures are limited by the amount available for appropriation as certified by the State Board of Equalization. These appropriation bills are made legal by Legislative adoption after review and possible amendment by Legislative committee.

Statutes limit the total amount that may be transferred to or from any line item of appropriation, allotment, or work program account to a maximum of ten percent (10%), unless approved by a contingency review board to a maximum of 25%.

Expenditures may not legally exceed appropriations, or cash on hand, whichever is less.

Encumbrances - The budgetary process is regulated through the encumbrance method of accounting which records purchase orders and contracts as a reservation of fund balance.

Fiscal appropriations which are unencumbered at year end and encumbered funds which have not been expended by November 15 of the year following the fiscal year of issuance lapse into their source fund. Non-fiscal appropriations which are unexpended thirty (30) months after issuance lapse into their source fund.

C. Enterprise Funds, Internal Service Funds, and Nonexpendable and Pension Trust Funds

Basis of Accounting - The accounts of the enterprise funds, internal service funds, and nonexpendable and pension trust funds are reported on the accrual basis of accounting.

Investments - For enterprise, internal service, and nonexpendable trust funds, investments are generally recorded at cost adjusted for premiums and discounts. Cost approximates market for enterprise funds. Investments are generally recorded at fair market value for pension trust funds.

2. Summary of Significant Accounting Policies (cont...)

C. Enterprise Funds, Internal Service Funds, and Nonexpendable and Pension Trust Funds (cont...)

Property, Plant and Equipment - Significant property, plant and equipment are stated at cost. With respect to the Oklahoma Turnpike Authority; preliminary, financial, and certain administrative costs incurred during the period of development and construction are included in the amount of $328,941,455. Property, plant and equipment of the Grand River Dam Authority of $673,194,150 includes interest capitalized during construction.

Depreciation of the cost of property, plant and equipment of the Grand River Dam Authority is provided by the straight-line method over the estimated useful lives using percentages ranging from 1.15% to 10%. The cost of maintenance and repairs to property is expensed.

For the Oklahoma Turnpike Authority, interest earned on the investments of the regular construction accounts is credited to the costs of the turnpike facilities and interest earned on the investments of the special construction account is credited to the fund balance. The cost of assets sold or retired is not removed from the cost of turnpike facilities; any proceeds are credited to the construction fund or the reserve maintenance fund as the Authority may direct. The cost of certain concession buildings and improvements has been charged to expense and not capitalized as costs of turnpike facilities. No accumulated depreciation is deducted from the capitalized cost of turnpike facilities. Purchases of equipment are expensed and not capitalized as costs of turnpike facilities. Certain leasing costs have been capitalized as a cost of facilities, while others are charged to expense by the revenue fund. Payments under a lease-purchase agreement on certain toll-collection equipment are charged to expense by the revenue fund over the term of the lease.

For the Oklahoma Municipal Power Authority, utility plant is recorded at cost including capitalized net interest cost of borrowed funds. Capitalized net interest cost of borrowed funds includes amortization of bond discounts and bond premiums, interest expense and interest income. Utility plant includes furniture, fixtures and equipment which are stated at cost.

Depreciation of generating facilities in which the Oklahoma Municipal Power Authority holds an undivided ownership interest is computed by the straight-line method over the expected service life using a composite annual rate. Depreciation of furniture, fixtures and equipment is calculated on a straight-line basis using the estimated useful lives of the depreciable property. The cost of maintenance, repairs, and replacements of minor items of property is charged to maintenance expense. The cost of replacements of property is charged to utility plant accounts.

Depreciation of the cost of property, plant and equipment of the Oklahoma Capitol Improvement Authority is provided on the straight-line basis over estimated useful lives of 50 years. The cost of maintenance and repairs is expensed as incurred.

Inventories - Inventories are recorded at the lower of cost, average cost, or market.

2. Summary of Significant Accounting Policies (cont...)

D. Higher Education Funds

Basis of Accounting - The accounts of the higher education institutions are maintained and reported on the accrual basis of accounting.

To the extent current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of moveable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt service and equipment renewals and replacements; and (3) as transfers of a non-mandatory nature for all other cases.

Fund Accounting - The financial activities of the higher education institutions are recorded in funds which classify the various transactions by specified activities or objectives.

Unrestricted revenue is accounted for in the unrestricted current fund. Restricted gifts, grants, endowment income and other restricted resources are accounted for in restricted current funds, loan funds, endowment and plant funds. Revenues and expenditures are reported in restricted current funds when financial resources are used for the current operating purposes for which they have been provided. Transactions related to the various student loan programs operated by the educational institutions are accounted for in loan funds. Resources dedicated to the acquisition of and investment in property, plant and equipment are accounted for in the plant funds.

Investments - Investments are recorded at cost, adjusted for amortization of premiums and discounts, or fair market value at the date of gift. Cost approximates market.

Student Revenues - Student tuition and fees are fully recognized in the fiscal year in which the related courses or activities are principally conducted. Student tuition and fees applicable to future courses and activities collected as of the end of the fiscal year are recorded as deferred revenue.

Accounts and Notes Receivable - An allowance for uncollectible receivables is provided for estimated losses expected to be incurred in collection. The estimated losses are based on collection experience and a review of the status of existing receivables.

Inventories - Inventories are stated at the lower of cost or market, cost being determined on either the first-in, first-out, or average cost basis.

Plant - Property, plant and equipment is stated principally at cost at date of acquisition or fair market value at the date of donation in the case of gifts. Consistent with generally accepted accounting principles for colleges and universities, depreciation is not provided for the cost of plant assets, except for those of the Oklahoma Health Sciences Center. Depreciation for 1988 in the amount of $4,356,754, which is charged to expenditures, is computed on the straight-line method over the estimated useful lives of the assets.

3. Comparison of Budget and Actual

The Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund and Special Revenue Fund presents comparison of the legally adopted budget with actual data presented on a budgetary basis. Under the budgetary basis, revenues and expenditures are matched with the fiscal year for which such amounts were included in the budget process.

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balance is presented on the modified accrual basis of accounting (as described in Note 2). All differences in the amounts shown on these two statements are due to the different basis of presentation.

4. Cash and Deposits with Treasury

The State uses a pooled cash concept in maintaining its bank accounts. All cash is pooled for operating and investment purposes and each fund has an equity in the pooled amount. For reporting purposes cash and related time deposits have been allocated to each fund based on its equity in the pooled amount. Interest earned on investments is allocated to the general fund except for those investments made specifically for the special revenue fund, debt service fund, proprietary fund type, fiduciary fund type, and higher education fund type for which investment income is allocated to the investing fund.

5. Investments

Investments may be restricted by law or legal instruments. They may be under control of the State Treasurer or controlled by other administrative bodies as determined by law.

6. Restricted Assets

Enterprise Funds

Grand River Dam Authority - The Grand River Dam Authority has restricted assets in the amount of $416,576,102 to pay construction costs of various projects and to meet principal and interest requirements of bonds payable.

Department of Human Services - Oklahoma Medical Center - The Department of Human Services - Oklahoma Medical Center has cash of $130,539 and other assets of $87,189 in its donor restricted fund. The Center also has cash of $6,656,481, the use of which is limited to capital improvements.

Oklahoma Student Loan Authority - The Oklahoma Student Loan Authority has restricted asset cash, investments, and notes receivable of $106,024,150, which serve as collateral for the indebtedness of the State Loan Program.

Oklahoma Municipal Power Authority - The Oklahoma Municipal Power Authority has restricted assets of $100,117,962 to pay for construction, operations and maintenance, bond principal and interest, major renewals and replacements, extraordinary operations and maintenance costs, and contingencies, and to minimize future rate increases.

Oklahoma Water Resources Board - State Loan Program Revenue Bonds, Series 1985 - The Oklahoma Water Resources Board (Revenue Bond Series 1985) has restricted investments of $7,500,000 to cover defaults on bond principal and interest.

6. Restricted Assets (cont...)

Oklahoma Water Resources Board - State Loan Program Variable Rate Revenue Bonds, Series 1986A - The Oklahoma Water Resources Board (Revenue Bond Series 1986A) has restricted investments of $6,247,500 for debt service.

Oklahoma Industrial Finance Authority - The Oklahoma Industrial Finance Authority has restricted assets of $35,389,277 to pay for bond principal and interest.

Internal Service Funds

Oklahoma Capitol Improvement Authority - The Oklahoma Capitol Improvement Authority has restricted assets in the amount of $7,723,574 for the bond sinking fund.

Office of State Finance - Centrex - The Office of State Finance has restricted assets in the amount of $1,409,633 for capital projects and $333,333 for General Revenue Fund payback.

7. Property, Plant and Equipment

Property, plant and equipment amounts have been presented only for Proprietary Fund Types (Enterprise and Internal Service Funds), Fiduciary Fund Types, and Higher Education. A summary of those amounts (in thousands) as of June 30, 1988 are as follows:

	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Higher Education
Land	$ 19,110	$ 3,559	$ 3,437	$ 34,197
Land improvements	277,766	-	-	-
Utility plants	915,895	-	-	-
Nonstructural Improvements	-	-	-	46,411
Buildings and improvements	167,121	36,645	-	776,879
Machinery and equipment	67,585	302,714	619	307,213
Construction in progress	25,643	-	-	52,110
Other	63,205	-	-	57,307
Total	1,536,325	342,918	4,056	1,274,117
Less: Interim investment income	26,930	-	-	-
: Accumulated Depreciation	235,199	10,383	46	38,022
Net:	$ 1,274,196	$ 332,585	$ 4,010	$ 1,236,095

8. Advances From Motor Fuel Tax Trust Fund

By virtue of the "Enabling Act" of 1971, the Oklahoma Turnpike Authority receives from the Oklahoma Tax Commission a portion of the motor fuel excise taxes it collects on fuels consumed on the turnpikes not to exceed $3,000,000 during a fiscal year ending June 30. The amount received and available may not exceed the expected interest payment for the forthcoming three years. Amounts held in excess of the expected interest payments are remitted to the Oklahoma Department of Transportation (DOT). During 1987, the Authority remitted $2,328,393 to DOT.

8. Advances From Motor Fuel Tax Trust Fund (cont...)

The funds apportioned are held by the Authority in a separate Motor Fuel Tax Trust Fund and are used to eliminate deficiencies in available monies to meet revenue bond interest and principal requirements. When all Turnpike Revenue Bonds together with interest thereon have been paid, the Authority will be required to repay all amounts that have been received from the Tax Commission and any interest earned on amounts invested.

The Trust Agreements securing the H.E. Bailey Turnpike and Section A of the Indian Nation Turnpike Revenue Bonds, which were redeemed in 1966, provided that advances from the Motor Fuel Tax Trust Fund could be used for certain purposes in addition to making up deficiencies in money available to meet revenue bond interest and principal requirements. Upon the redemption of those revenue bonds, the liability for the advances to the H.E. Bailey Turnpike ($5,547,439) and Section A of the Indian Nation Turnpike ($49,634) was assumed by the Oklahoma Turnpike System Construction Fund.

9. General Obligation Bonds

A. General obligation bonds, administered by the Oklahoma State Treasurer, are authorized and issued primarily to provide funds for state owned capital improvements, including office buildings for state agencies. Two-thirds of the cigarette taxes collected by the State are pledged under these bond issues. General obligation bonds are backed by the full faith and credit of the State, including the State's power to levy additional taxes to ensure repayment of the bonds.

General obligation bonds outstanding (bonds that have matured, but have not been redeemed are included) as of June 30, 1988, are as follows (all amounts are rounded and expressed in thousands):

Description	Interest Rates	Amount
Building Bonds of 1965:		
Series A	3.20% to 5.75%	$ 3,100
Series B	3.70% to 5.70%	2,700
Series C	3.75% to 4.50%	3,300
Series D	3.00% to 3.92%	6,550
Building Bonds of 1968:		
Series C	3.90% to 4.45%	1,260
Series D	4.82% to 8.90%	6,685
Refunding Bonds of 1977:		
Series R	4.625%	30,815
Total		$ 54,410

9. General Obligation Bonds (cont...)

A. (cont...)

As of June 30, 1988, the amount to be provided for general obligation debt service requirements for principal and interest (amounts rounded and expressed in thousands) in future years are as follows:

Years Ending June 30,	Principal	Interest	Total
1989	$ 9,835	$ 2,261	$ 12,096
1990	10,105	1,841	11,946
1991	11,790	1,387	13,177
1992	6,730	925	7,655
1993	4,510	626	5,136
1994-1996	9,705	741	10,446
Total	$ 52,675	$ 7,781	$ 60,456

The following is a summary of the State's general obligation bond transactions (amounts rounded and expressed in thousands) for the fiscal year ended June 30, 1988.

	Principal
Bonds payable at July 1, 1987	$ 62,375
Bonds retired	7,965
Bonds payable at June 30, 1988	$ 54,410

On July 15, 1977, the Oklahoma Building Bonds Commission issued State of Oklahoma General Obligation Refunding Bonds of 1977 (Refunding Bonds) to refund the State of Oklahoma Institutional Building Bonds of 1968, Series A, B and E (Refunded Bonds) totalling approximately $76,000,000. The net proceeds of the Refunding Bonds were used to acquire direct obligations of the U.S. Government and to establish an escrow account. The principal and interest on the U.S. Government obligations accumulated in the escrow account should provide enough money to pay the redemption prices of the Refunded Bonds called prior to maturity, the principal of the Refund Bonds becoming due at maturity and the interest due on the Refunded Bonds on their redemption or maturity dates. As a result of this transaction, the Refunded Bonds, (Series A, B, and E of the State of Oklahoma Institutional Building Bonds of 1968) are considered to be retired.

On January 15, 1966, the Oklahoma Building Bonds Commission issued State of Oklahoma Building Bonds of 1965 (Medical Center Bonds). The proceeds of this issuance, totalling $7,000,000, were used to provide capital improvements at the University of Oklahoma Medical Center. Since the State Treasurer purchased the entire issue, these bonds are considered to be retired, and accordingly, are no longer reported as long-term debt in the financial statements. At June 30, 1988, the Medical Center Bonds outstanding totalled $1,000,000. No interest is paid on these bonds.

9. General Obligation Bonds (cont...)

B. Oklahoma Industrial Finance Authority general obligation bonds are authorized and issued for the funding of industrial finance loans to encourage business development within the State. All revenues arising from the net proceeds from repayment of industrial finance loans and interest received thereon are pledged under these bond issues. In addition these general obligation bonds are backed by the full faith and credit of the State. The issuance of the audit of the Oklahoma Industrial Finance Authority for the year ended June 30, 1988, is pending; therefore, the amounts presented are unaudited. Enterprise Fund general obligation bonds outstanding (amounts rounded and expressed in thousands) as of June 30, 1988, are as follows:

Description	Interest Rates	Amount
Industrial Finance Bonds:		
Series A	3.625%	$ 2,000
Series B	3.450%	2,000
Series C	3.375%	3,000
Series D	4.800%	3,000
Series E	4.600%	5,000
Series G	6.500%	1,000
Series H	6.125%	1,000
Series J	6.125%	670
Series K	8.875%	5,000
Series L	Variable	7,600
Series M	Variable	2,400
Industrial Park Finance Bonds:		
Series F Refunding	4.35% to 5.00%	1,160
Series I	6.125%	1,000
Total		$ 34,830

As of June 30, 1988, general obligation debt service requirements for principal and interest (amounts rounded and expressed in thousands) in future years are as follows:

Years Ending June 30,	Principal	Interest	Total
1989	$ 85	$ 1,403	$ 1,488
1990	85	1,399	1,484
1991	2,085	1,396	3,481
1992-2016	32,575	17,672*	50,247
Total	$ 34,830	$ 21,870	$ 56,700

* Series L and M are variable rate issues; therefore, their interest was not included.

10. Revenue Bonds

A. Enterprise Funds

Grand River Dam Authority

Bonds payable at December 31, 1987 are as follows:

Revenue Bonds, 1987 Refunding Series:		
4.5% to 6.8% maturing serially from 1989 to 2003	$457,065,000	
7% maturing in 2006 with annual sinking fund requirements beginning in 2004	162,740,000	
7% maturing in 2010 with annual sinking fund requirements beginning in 2007	275,320,000	
6% maturing in 2011	81,285,000	
5% maturing in 2012	86,160,000	
6.25% maturing in 2013	90,470,000	
Total		$ 1,153,040,000
Special Revenue Bonds, 1985A to 1985N Series:		
4.75% to 6.5% maturing in 1988	130,000,000	
Total		130,000,000
Total all series Grand River Dam Authority		1,283,040,000
Less: Current portion of bonds payable		135,833,333
Unamortized discount		44,793,347
Total Grand River Dam Authority Bonds Payable		$ 1,102,413,320

In March 1987, Revenue Bonds, Refunding Series 1987 (the "1987 Bonds") of $1,543,040,000 were issued to provide a portion of the funds necessary to advance refund $1,009,616,500 of previously-issued Revenue Bonds and Refunding Revenue Bonds, Series 1978, 1982, 1983A, 1983B, 1983C, 1984 and 1985, which constitute all of the Authority's outstanding indebtedness issued under General Resolution No. 4545. The 1987 Bonds were issued under the provisions of General Bond Resolution No. 4800 and pursuant to the provisions of Supplemental Resolution No. 4801 adopted by the Board of Directors on March 6, 1987. The 1987 Bonds have an average interest rate of 6.995% and were issued to provide for essentially level debt service payments over the life of the issue and to provide debt service savings. The refunding will allow the Authority to phase in rate increases associated with commercial operation of Unit No. 2.

The advance refunding resulted in an accounting loss of $110.9 million and an increase in aggregate debt service payments of $207.2 million over the next 26 years. The Authority obtained an economic gain from the refunding (difference between the present values of the old and new debt service payments) of $32.2 million.

10. Revenue Bonds (cont...)

A. Enterprise Funds (cont...)

Grand River Dam Authority (cont...)

A portion of the proceeds of the 1987 Bonds, together with other monies available to the Authority for such purposes, was applied to the purchase of U.S. Government and U.S. Government Agency securities. The securities, which were placed in an irrevocable trust, and the interest earned thereon, will be used to pay, when due, the principal, interest and redemption premium, if any, on the defeased bonds.

The proceeds from the sale of the 1987 Bonds and other available monies were applied as follows:

Source of Funds:	
Principal amount of the 1987 Bonds	$ 1,153,040,000
Available monies of the Authority	108,656,063
Total	$ 1,261,696,063
Applications of Funds:	
Purchase of defeasance obligations and cash deposits	1,104,569,912
Deposit to bond service reserve account	96,125,740
Costs of issuance and underwriting discount	12,162,815
Original issuance discount	46,976,157
Bond insurance premium	1,861,439
Total	$ 1,261,696,063

The Special Refunding Revenue Bonds, Series 1986 (the "1986 Bonds") were issued pursuant to the provisions of the Special Refunding Bond Resolution No. 4713 adopted by the Board of Directors on August 27, 1986. The bonds were issued to provide funds to defease, on a subsequent conversion date, a portion of the outstanding Revenue Bonds, 1983 Series. Upon issuance of the 1986 Bonds, the net proceeds were invested in U.S. Government securities. The securities were held in escrow and were included in the construction fund. The principal and interest on the 1986 Bonds was payable solely from the obligations and earnings in the escrow account. In March 1987, the Authority issued the Revenue Bonds, Refunding Series 1987, which advance refunded certain bonds outstanding, including that portion of the Revenue Bonds, 1983 Series which was to be refunded by the 1986 Bonds. As a result, the 1986 Bonds were retired during 1987 at the scheduled conversion date with the funds held in escrow.

The Special Revenue Bonds, 1985A to 1985N Series, were issued pursuant to the provisions of the Special Bond Resolution No. 4711 adopted by the Board of Directors on December 18, 1985. The bonds were issued to finance the estimated cost of the 1985 system improvements project and were issued in a Bi-Modal Multi-Term Format wherein the bonds of a particular series are in one of three modes. The 1985 Special Revenue Bonds were issued in Mode 1 and will bear interest at fixed rates, until their respective tender dates.

10. Revenue Bonds (cont...)

A. Enterprise Funds (cont...)

Grand River Dam Authority (cont...)

Approximately $128,000,000 of the proceeds from the sale of the 1985 Special Revenue Bonds was placed in an escrow fund which is required to maintain a balance sufficient to pay, when due, the purchase price of and the interest on all 1985 Special Revenue Bonds in Mode 1. While the payment of the purchase price and the interest on the 1985 Special Revenue Bonds is fully secured by a pledge of and first lien on the escrow fund, such bonds are Mode 1 Bonds. The Mode 1 Bonds are further secured by a pledge of and subordinate lien on the revenues of the Authority's electric power and energy system and by other available funds. On each tender date, the 1985 Bonds subject to mandatory tender for purchase will either be converted to Mode A Bonds or be remarketed as Mode 1 Bonds. At December 31, 1987 all of the 1985 Bonds are in Mode 1. Monies placed in escrow for the payment of principal and interest on all the bonds which have been defeased have been deposited in irrevocable trusts with recourse against the trustee if funds are not available to pay principal and interest on a timely basis. Since the revenue bonds which have been defeased are no longer direct liabilities of the Authority, they are not reflected on the accompanying balance sheets.

Defeased bonds of approximately $1,315,000,000 were outstanding at December 31, 1987. At December 31, 1987, the defeased bonds are the 1985 and 1984 Refunding Series, the 1983A, 1983B, 1983C, 1982 and 1978 Series, the 1977 Refunding Series, and the 1976, 1969, 1966 and 1961 Series.

The scheduled maturities (including sinking fund requirements) of bonds payable for the following five years are as follows:

	1988	1989	1990	1991	1992
1987 Series	$ 5,833,333	$ 10,000,000	$ 17,950,834	$ 24,318,333	$ 25,568,333
1985A to 1985N Series	130,000,000	-	-	-	-
Total	$ 135,833,333	$ 10,000,000	$ 17,950,834	$ 24,318,333	$ 25,568,333

Oklahoma Turnpike Authority

To provide funds for the construction of the Muskogee Turnpike, Section B of the Indian Nation Turnpike, the Authority's administration building, and the redemption of the Turner, H.E. Bailey, and Section A of the Indian Nation Turnpikes' Revenue Bonds, the Authority authorized and issued 4.7% Series A and 5% Series B Oklahoma Turnpike System Revenue Bonds dated January 1, 1966, in the amount of $150,000,000 and $36,000,000, respectively. The bonds are due January 1, 2006, but may be redeemed prior to their maturity in accordance with provisions of the Trust Agreement. The bonds were issued pursuant to provisions of a Trust Agreement dated January 1, 1966. Interest is payable semiannually on July 1 and January 1 by the sinking fund. Bonds with an aggregate par value of $4,605,000 were purchased by the Authority during 1987 at a cost of $3,983,069 which includes applicable discount.

10. Revenue Bonds (cont...)

A. Enterprise Funds (cont...)

Oklahoma Turnpike Authority (cont...)

To provide funds for the construction of the Cimarron Turnpike, the Authority authorized and issued 6% and 6.25% Series C Oklahoma Turnpike System Revenue Bonds dated October 1, 1971, in the amount of $24,000,000 and $50,000,000, respectively. The bonds were issued pursuant to the terms of a Trust Agreement of the same date with The First National Bank and Trust Company of Tulsa as Trustee. Interest is payable January 1 and July 1 by the Oklahoma Turnpike System Series C Sinking Fund. The 6% bonds are due on January 1, 1992, and the 6.25% bonds on January 1, 2004, but may be redeemed prior to their maturity in accordance with provisions of the Trust Agreement. Bonds with an aggregate par value of $4,205,000 were purchased by the Authority during 1987 at a cost of $4,129,646 which includes applicable discount.

The aforementioned Trust Agreements provide that the Authority will establish a semiannual amortization requirement which will systematically retire the bonds by their due dates. The amortization requirement is revised annually by the Trustee to reflect actual redemptions. At December 31, 1987, the revenue bond amortization requirement as determined by the Trustee is as follows:

Years Ending	4.7% Series A	5% Series B	6% Series C	6.25% Series C	Total
1988	3,275,000	835,000	2,630,000	460,000	7,200,000
1989	3,430,000	865,000	2,780,000	460,000	7,535,000
1990	3,590,000	910,000	2,960,000	460,000	7,920,000
1991	3,755,000	955,000	3,110,000	460,000	8,280,000
1992	3,935,000	1,010,000	-	2,310,000	7,255,000
1993-1997	22,650,000	5,830,000	-	14,095,000	42,575,000
1998-2002	28,490,000	7,465,000	-	19,580,000	55,535,000
2003-2006	20,500,000	5,435,000	-	4,680,000	30,615,000
Total	$ 89,625,000	$ 23,305,000	$ 11,480,000	$ 42,505,000	$ 166,915,000

Student Loan Authority

The Authority has at various times issued bonds for the purpose of funding student loans. The bonds issued prior to 1983 were issued as term bonds as shown in the table which follows. The 1983 Series was issued as serial bonds, with principal payments due on each February 1 and August 1 from 1984 to 1993. Each bond series is callable at the option of the Authority in whole, or in part by lot, on any interest payment date; however, the 1983 Series is not callable for a period of five years from the date of issuance. Upon the issuance of the Series 1983 Bonds, an agreement was entered into with the Student Loan Marketing Association (SLMA) whereby SLMA agreed to purchase student loans from the Authority near the maturity date of the bonds at the option of the Authority. The proceeds are to be used to redeem the bonds.

10. Revenue Bonds (cont...)

A. Enterprise Funds (cont...)

Student Loan Authority (cont...)

The bonds are secured by the specific assets of each bond series. The Authority, after bonds in specific series have been liquidated, may utilize any remaining assets as security for any remaining debt outstanding. In addition, the Series 1983 bonds are secured by the revenues and recoveries of principal in excess of expenses of the Federal Insured Student Loan (FISL) Program. Bond issues related to the FISL Program have been redeemed.

The Bond Resolutions of Bond Series 1980 and Prior provide that the Authority will maintain not less than a 1% differential between the net interest cost on the bonds and the interest rate received on the student loans, not including special allowance payments. For the years ended June 30, 1988 and 1987, the student loan interest rates of 7%, 8% and 9% exceeded the net interest cost of the bonds by more than 1% on the Series 1980 and Prior. Additionally, the Authority is in compliance with all other significant bond covenants.

Bonds payable at June 30, 1988 consist of the following:

5.25% Series 1978, due August 1, 1993	2,500,000
5.40% Series 1979, due August 1, 1994	10,000,000
6.85% Series 1980, due August 1, 1995	5,000,000
6.00% - 9.25% Series 1983, due serially through August 1, 1993	20,100,000
Total	$ 37,600,000

Fiscal year debt service requirements to maturity are as follows:

	Principal	Interest	Total
1989	$ 2,400,000	$ 2,757,013	$ 5,157,013
1990	2,230,000	2,561,238	4,791,238
1991	2,100,000	2,372,963	4,472,963
1992	1,850,000	2,197,888	4,047,888
1993	2,175,000	2,039,750	4,214,750
1994	11,845,000	1,380,331	13,225,331
1995	10,000,000	612,500	10,612,500
1996	5,000,000	171,250	5,171,250
Total	$ 37,600,000	$ 14,092,933	$ 51,692,933

On October 1, 1987, student notes receivable of the Bond Series 1982 approximating $6,300,000 were purchased by the sinking fund of the Bonds Series 1976 through 1980 as an investment. The Authority utilized the proceeds of the sale, with existing investments of the Bond Series 1982, to retire bonds in the amount of $12,000,000, and all accrued interest, maturing October 1987.

10. Revenue Bonds (cont...)

A. Enterprise Funds (cont...)

Oklahoma Water Resources Board

The Oklahoma Water Resources Board has issued Revenue Bonds to provide monies to implement a state-wide loan program to local entities to provide for the acquisition, development, and utilization of storage and control facilities for water and sewage system. The Series 1985 bonds payable at May 31, 1988 and the Series 1986A bonds payable at August 31, 1988 are as follows:

Series 1985

	May 31, 1988
$3,120,000 serial bonds due in annual installments of $480,000 to $790,000 through December 1, 1990; interest at 15%	$2,095,000
$890,000 serial bonds due in 1991, interest at 9.125%	890,000
$995,000 serial bonds due in 1992, interest at 7.25%	995,000
$1,120,000 serial bonds due in 1993, interest at 7.50%	1,120,000
$1,235,000 serial bonds due in 1994, interest at 7.75%	1,235,000
$1,335,000 serial bonds due in 1995, interest at 7.90%	1,335,000
$1,440,000 serial bonds due in 1996, interest at 8.00%	1,440,000
$1,565,000 serial bonds due in 1997, interest at 8.10%	1,565,000
$1,695,000 serial bonds due in 1998, interest at 8.25%	1,695,000
$1,840,000 serial bonds due in 1999, interest at 8.40%	1,840,000
$14,970,000 term bonds due in annual installments of $2,000,000 to $3,045,000 from June 1, 2000 through December 1, 2005, interest at 8.70%	14,970,000
$19,795,000 term bonds due in annual installments of $3,320,000 to $4,655,000 from June 1, 2006 through December 1, 2010, interest at 8.70%	19,795,000
Totals	48,975,000
Less current maturities	610,000
Total long-term debt	$ 48,365,000

In addition to the specified redemptions shown above, all bonds due December 1, 1995 and thereafter are subject to optional redemption, at the option of the Program, on thirty days' notice, from available monies on and after June 1, 1995, as specified in the bond indenture. Such optional redemptions will be in the amount of the bond principal to be redeemed, plus accrued interest to the date fixed for such redemptions.

Finally, provisions of the bond indenture specify that on June 1, 1995, any portion of the bond proceeds not used to originate loans to local entities shall be used to redeem outstanding bonds. Such redemption is to be made at face value plus accrued interest, and will be made in inverse order of maturity.

10. Revenue Bonds (cont...)

A. Enterprise Funds (cont...)

Oklahoma Water Resources Board (cont...)

Maturities of long-term debt are as follows:

Years ended May 31, 1989	$ 610,000
1990	695,000
1991	790,000
1992	890,000
1993	995,000
Thereafter	44,995,000
Total	$ 48,975,000

Series 1986A

	August 31, 1988
Variable Rate Revenue Bonds:	
$ 585,000 serial bonds due in 1990	$585,000
$ 640,000 serial bonds due in 1991	640,000
$ 705,000 serial bonds due in 1992	705,000
$ 775,000 serial bonds due in 1993	775,000
$ 855,000 serial bonds due in 1994	855,000
$ 940,000 serial bonds due in 1995	940,000
$ 1,035,000 serial bonds due in 1996	1,035,000
$ 1,135,000 serial bonds due in 1997	1,135,000
$ 1,250,000 serial bonds due in 1998	1,250,000
$ 1,375,000 serial bonds due in 1999	1,375,000
$ 1,515,000 serial bonds due in 2000	1,515,000
$ 1,665,000 serial bonds due in 2001	1,665,000
$ 1,830,000 serial bonds due in 2002	1,830,000
$ 2,015,000 serial bonds due in 2003	2,015,000
$ 2,215,000 serial bonds due in 2004	2,215,000
$ 2,435,000 serial bonds due in 2005	2,435,000
$ 2,680,000 serial bonds due in 2006	2,680,000
$ 2,950,000 serial bonds due in 2007	2,950,000
$ 3,245,000 serial bonds due in 2008	3,245,000
$ 3,565,000 serial bonds due in 2009	3,565,000
$ 3,925,000 serial bonds due in 2010	3,925,000
$ 4,315,000 serial bonds due in 2011	4,315,000
Totals	41,650,000
Less: Current maturities	-
Less: Unamortized discount	(469,396)
Total long-term debt	$ 41,180,604

10. Revenue Bonds (cont...)

A. Enterprise Funds (cont...)

Oklahoma Water Resources Board (cont...)

The bonds bear interest at a variable rate, initially set at 4.75% and periodically adjusted pursuant to the provisions of the bond indenture, to a maximum rate of 14% per year. The interest rate on the bonds was 4.875% at August 31, 1988. At the option of the Board and subject to applicable provisions of the bond indenture, the variable interest rate may be converted to a term rate that would stay fixed until maturity of the bonds. Interest rates are set periodically, as specified by the bond indenture, by the Program's remarketing agent. Interest on the bonds is payable semiannually on March 1 and September 1 of each year. While the bonds bear interest at an adjustable, variable rate, the bonds are to be repurchased at each such interest payment date at a price equal to the unpaid principal amount, unless such repurchase is waived in writing by the bond holder. The bonds are also subject to mandatory tender upon conversion to a term interest rate.

In addition to their normal scheduled maturity dates as shown above, the bonds may be redeemed at the option of the Board, in whole or in part, on any interest payment date prior to conversion to a term interest rate, for their principal amount plus accrued interest to the date of redemption. Following any conversion to a term rate, the bonds may also be redeemed at the option of the Board, in whole or in part, at such dates and for such prices, plus accrued interest as are set forth in the bond indenture.

Scheduled maturities of long-term debt are as follows:

Years ended August 31, 1990	$ 585,000
1991	640,000
1992	705,000
1993	775,000
1994	855,000
Thereafter	38,090,000
Total	$ 41,650,000

10. Revenue Bonds (cont...)

A. Enterprise Funds (cont...)

Oklahoma Municipal Power Authority

The Authority has issued Power Supply System Revenue Bonds to finance portions of its acquisition and construction activities.

Revenue Bonds outstanding are as follows:

	December 31, 1987
Power Supply System Revenue Bonds, Series 1985 C, 7.20% to 9.10%, due January 1, 1990 to January 1, 2000	$ 14,260,000
Power Supply System Revenue Bonds, Series 1986 A, 5.75% to 8.25%, due January 1, 1990 to January 1, 2023	30, 180,000
Power Supply System Revenue Bonds, Series 1986 B, 5.75% to 8.25%, due January 1, 1990 to January 1, 2023	41,140,000
Power Supply System Revenue Bonds, Series 1986 C, 5.00% to 7.375%, due January 1, 1990 to January 1, 2023	181,475,000
Total	$ 267,055,000

Aggregate annual principal maturities of revenue bonds for the next five years are as follows:

Year Ending December 31,	
1988	$ -
1989	-
1990	1,730,000
1991	1,840,000
1992	2,200,000

The revenue bonds issued are payable from and secured by a pledge of and security interest in the proceeds of the sale of the bonds, the revenues of the Authority and the assets in the funds established by the respective bond resolution. Interest on the revenue bonds is payable semiannually on January 1 and July 1 each year. Neither the State of Oklahoma nor any political subdivision thereof nor any participating municipality which has contracted with the Authority, is obligated to pay the principal of or interest on the revenue bonds. The Authority does not have any taxing power.

The Power Supply System Revenue Bonds, Series 1986 A were issued to refund the Authority's Power Supply System Revenue Bonds, Series 1985 A maturing 1988 in the aggregate principal amount of $25,000,000. The difference of approximately $235,000 between the net carrying amount of the Series 1985 A bonds and the net proceeds to the Authority from the Series 1986 A bonds has been deferred and is being amortized to expense over the life of the Series 1986 A bonds. This transaction has resulted in a net reduction of debt service cost over the life of the refunding bonds.

10. Revenue Bonds (cont...)

A. Enterprise Funds (cont...)

Oklahoma Municipal Power Authority (cont...)

The Power Supply System Revenue Bonds, Series 1986 C were issued to refund the Authority's Power Supply System Revenue Bonds, Series 1985 C maturing 2005, 2015 and 2023 in the aggregate principal amount of $148,760,000. The difference between the net carrying amount of the Series 1985 C bonds and the net proceeds to the Authority from the Series 1986 C bonds is approximately $29,646,000. Of this amount, $ 4,859,000 has been capitalized as construction in progress and the remaining $24,787,000 has been deferred and is being amortized to expense over the life of the Series 1986 C bonds. This transaction has resulted in a net reduction of debt service cost over the life of the refunding bonds.

The net proceeds of the Series 1986 A and Series 1986 C bonds have been irrevocably deposited with an escrow agent and have been used to purchase direct obligations of the United States Government. The principal of and interest on these obligations will be sufficient to pay the refunded bonds at their maturity and to pay interest to such date. Upon establishment of the escrow accounts, the refunded bonds were no longer considered outstanding obligations of the Authority.

B. Internal Service Funds

Oklahoma Capitol Improvement Authority

The Oklahoma Capitol Improvement Authority (OCIA) has issued four (4) series of Building Bonds to construct and equip State Office Buildings. Principal and interest payments on these bond issues are paid from rents collected from the various State agencies which use the office buildings constructed with the bond proceeds.

OCIA issued the State Office Building Revenue Bonds Series A of 1972, in the amount of $17,500,000, to finance the construction of the M.C. Connors, Oliver Hodge and Transportation buildings in the State Capitol Complex in Oklahoma City. State Office Buildings Revenue Bonds Series A, in the amount of $13,500,000, were issued in 1973 to finance the construction of the J. Howard Edmondson and Robert S. Kerr buildings in Tulsa. Interim Revenue Bonds, in the amount of $5,000,000, were issued in 1986 to finance the construction of the George Nigh Rehabilitation Center in Okmulgee.

10. Revenue Bonds (cont...)

B. Internal Service Funds (cont...)

Oklahoma Capitol Improvement Authority (cont...)

Bonds payable at June 30, 1988, are as follows:

Description	Interest Rates	Amount
State Office Building Revenue Bonds Series A of 1972	4.5% to 6.5%	$ 13,335,000
State Office Building Revenue Bonds Series A of 1973	4.0% to 6.0%	10,700,000
Interim Revenue Bonds Series A of 1986	9.0%	4,873,240
		$ 28,908,240
Current Portion due within one year		$ 1,090,527
Non-current Portion		27,817,713
		$ 28,908,240

As of June 30, 1988, bond requirements for principal and interest in future years are as follows:

Years Ending June 30,	Principal	Interest	Total
1989-1991	$ 3,482,204	$ 4,756,194	$ 8,238,398
1992-1996	7,432,761	6,499,047	13,931,808
1997-2001	10,138,838	4,115,359	14,254,197
2002-2003	7,506,395	1,018,982	8,525,377
2007	348,042	11,849	359,891
	$ 28,908,240	$ 16,401,431	$ 45,309,671

10. Revenue Bonds (cont...)

C. Higher Education Fund Type

Certain State colleges and universities have issued revenue bonds for the acquisition of student housing and other facilities. Student fees and other user revenues collateralize the revenue bonds. Interest rates range from 2.75% to 12%. Principal outstanding at June 30, 1988 totalled $118,230,000. This amount includes $244,000 of mortgage notes payable.

The scheduled maturities (amounts expressed in thousands) are as follows:

Years Ending June 30,	Principal
1989	$ 5,852
1990 & after	112,378
	118,230
Less Mortgage Notes Payable	244
	$ 117,986

11. Retirement and Pension Systems

The State of Oklahoma has six retirement systems that cover substantially all state employees, teachers, and employees of all political subdivisions who elect to participate. The assets of these plans are held in trust and administered by various Boards of Trustees exclusively for the benefit of members, retirants, and beneficiaries of the retirement systems. Pension funds are classified in the fiduciary fund type in the financial statements.

A. Teachers' Retirement System of Oklahoma (TRSO)

The Teachers' Retirement System of Oklahoma (the System) was established as of July 1, 1943 for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by state-supported educational institutions. The System is a component unit of the State of Oklahoma pension trust funds and is administered by an eleven-member board of trustees which acts as a fiduciary for investment of the funds and the application of plan interpretations. Membership is mandatory for all classified employees of the public school system. There were approximately 66,000 active and inactive members and approximately 23,000 benefit recipients at June 30, 1988.

In general, the System provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. Benefit and funding provisions include:

11. Retirement and Pension Systems (cont...)

A. Teachers' Retirement System of Oklahoma (TRSO) (cont...)

- Members become 100% vested in retirement benefits earned to date after ten years of credited Oklahoma service. Members are eligible to retire at maximum benefits when age and years of creditable service total eighty. Members whose age and service do not equal eighty may at age 62 receive full benefits or reduced benefits as early as age 55. The normal retirement benefit is equal to 2% of final compensation for each year of credited service. Final compensation is defined as the average salary for the three highest years of compensation.

- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of final compensation for each year of credited service.

- Upon separation from the System, members' contributions are refundable with interest based on certain provisions provided in the plan.

- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the Internal Revenue Code.

- The contribution requirements of the System are an established rate determined by the Oklahoma Legislature and are not an actuarial calculation. Participating members are required to contribute 5% of their applicable earnings up to a maximum of $25,000 and may elect to contribute 10% on the earnings in excess of $25,000 limited to $40,000. The State of Oklahoma contributes 78% of the natural and casinghead gas tax collected to a maximum of $125,000,000. The employer contributions are funded through the State of Oklahoma appropriation on natural and casinghead gas tax dedicated to the plan by the Legislature. The system received approximately $117,000,000 from the State of Oklahoma for 1988. The total contributions for 1988 were approximately $217,000,000 which represents approximately 14.5% of the annual payroll.

Effective July 1, 1987, the Oklahoma Legislature altered the contribution provisions in several ways. First, it provided an option for members to contribute 10% of their regular annual compensation in excess of $25,000 up to a maximum of $40,000. Second, it allowed for members which were covered by another state agency's pension and retirement plan to transfer their funds to the Teachers' Retirement Fund. Third, it provided an incentive for members to retire between July 1, 1987 and December 31, 1987 at a higher benefit rate by contributing the required percent of their regular annual compensation in excess of $25,000. This legislation provided approximately $17,500,000 in additional contributions in 1988.

State contributions totaling $116,968,000 were made during 1988. The actuarial determined contribution to be made by the State in 1988 was $151,470,000 consisting of (a) $18,992,000 normal cost and (b) $132,478,000 amortization of the unfunded actuarial accrued liability. The actuarial determined contribution approximates 10% of the current year covered payroll. The actual contribution was approximately 7.8% of the current year covered payroll.

11. Retirement and Pension Systems (cont...)

A. Teachers' Retirement System of Oklahoma (TRSO) (cont...)

Historical Trend Information

REVENUE BY SOURCE

	Employee Contributions	State Appropriations and Various Federal Sources	Investment Income	Total
1988 (1)	$ 95,552,682	$ 121,426,909	$ 130,854,260	$ 347,833,851
1987 (3)	82,432,408	123,465,244	177,935,146	383,832,798
1986 (3)	96,442,486	128,211,082	142,398,091	367,051,659
1985	69,140,739	127,870,696	129,580,681	326,592,116
1984	70,976,322	127,614,166	110,011,515	308,602,003
1983	76,466,045	127,669,257	105,414,524	309,549,826
1982	48,208,433	127,245,234	65,074,033	240,527,700

EXPENSES BY TYPE

	Benefits	Administrative Expenses	Refunds	Total
1988 (1)	$ 230,144,148	$ 3,388,857	$ 15,865,723	$ 249,398,728
1987 (2)	187,782,384	2,537,087	15,293,433	205,612,904
1986 (3)	154,528,142	2,278,050	12,704,866	169,511,058
1985	128,647,044	1,787,389	13,182,332	143,616,765
1984	120,493,275	1,640,434	10,123,129	132,256,838
1983	116,016,900	1,816,522	9,082,477	126,915,899
1982	90,452,701	1,344,748	9,723,704	101,521,153

Investment income has been restated to conform to NCGAS No. 6.

(1) Effective July 1, 1988, HB 1473 provided for the following changes regarding contributions and benefits:

- Allowed certain members who had previously participated in the Oklahoma Public Employees Retirement System to transfer to Teachers' Retirement System.
- Provided the option for members to contribute 10% of the annual regular compensation in excess of $25,000 but limited to $40,000.
- Provided the option for members to retire July 1, 1988 through December 31, 1988 at a higher monthly benefit by contributing 30% of their compensation in excess of $25,000 but limited to $40,000 for the past three years.

11. Retirement and Pension Systems (cont...)

A. Teachers' Retirement System of Oklahoma (TRSO) (cont...)

Historical Trend Information (cont...)

(2) Effective July 1, 1987, legislation increased the maximum base salary for classified personnel from $9,500 to $11,500 and for support personnel the base salary increased from $7,500 to $9,500.

(3) Effective July 1, 1986, SB 5 provided the following changes regarding contributions and benefits:

- Required support personnel to participate in the plan. In 1987, participation by support personnel became optional.
- Increased the maximum salary base from $8,000 to $9,500 for classified personnel and from $6,500 to $7,500 for support personnel.
- Allowed for the buy-back of prior services for military and out-of-state credit.

These summaries are shown only for the years for which audited information is available. Additional years will be added as data becomes available.

ANALYSIS OF FUNDING PROGRESS

Fiscal Year	(1) Net Assets Available for Benefits (at Cost)	(2) Pension Benefit Obligation	(3) Percentage Funded (1) / (2)	(4) Unfunded Pension Benefit Obligation (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll (4)/(5)
1988	$1,797,605,448	$3,326,151,000	54.0%	$ 1,528,545,552	$ 1,500,000,000	102%
1987	1,702,470,325	2,992,093,000	56.9	1,289,662,675	1,500,000,000	86

The summary is shown only for the two years available. Additional years will be added as data becomes available.

Plan Amendments

The Oklahoma Legislature adopted certain changes to the Teachers' Retirement Law through the passage of House Bills 1582 and 1731. The new legislation includes the following amendments:

- Beginning July 1, 1989 through June 30, 1990, the employer is required to make contributions based on one-half of one percent of the regular annual compensation of the member not in excess of the maximum compensation level. This rate increases to one percent beginning July 1, 1990.

11. Retirement and Pension Systems (cont...)

A. Teachers' Retirement System of Oklahoma (TRSO) (cont...)

Plan Amendments (cont...)

- Beginning July 1, 1989 through June 30, 1990, the members' contribution rate is increased from five percent to five and one-half percent of the regular annual compensation of the member but not in excess of $25,000. This rate is further increased to six percent effective July 1, 1990.

- Beginning July 1, 1989 through June 30, 1990, the members will contribute ten and one-half percent of regular annual compensation in excess of $25,000 but limited to $40,000. Effective July 1, 1990, this rate will become 11 percent.

- The System will be apportioned the first $175,000,000 of the monies levied and collected from the tax on natural gas and/or casinghead gas. This amount was previously $125,000,000.

- The previous legislation provided for the System to pay one-third of the premiums associated with the members participating in the health and dental insurance plans offered through the State and Education Employees Group Insurance Act. Through the passage of certain legislation, the System's portion will be paid by the employee. As an additional cost of the System, the System is required to pay the $75 monthly premium rate of the Medicare supplement for retirees who are 65 years of age or older. The System estimated that this bill will originally cost the System approximately $20,000,000 annually and will increase as the number of retirees increases.

The System's independent actuary has not determined the effects, if any, these amendments will have on the System's unfunded obligation.

Commitment to Oklahoma State and Education Employee Insurance Reserve Fund

In May, 1988, the Oklahoma Legislature passed House Bill 1731 which requires the System to make twelve monthly payments of $3,300,000 beginning June 1, 1988, to the Oklahoma State and Education Employee Group Insurance Board for deposit in the Education Employees Group Insurance Reserve Fund. These funds, along with future contributions made by participants, will provide health and dental insurance to participants. At June 30, 1988, the remaining commitment is $36,300,000.

B. Oklahoma Public Employees Retirement System (OPERS)

The Oklahoma Public Employees Retirement Plan (the Plan), a Division of the Oklahoma Public Employees Retirement System, is a multiple-employer, cost-sharing public employee retirement plan which is a defined benefit pension plan covering substantially all state employees not covered by six other plans sponsored by various agencies of the State and employees of participating county and local agencies. Agencies not included in the Plan are as follows: Teachers, Police, Firemen, Judicial, Wildlife and Public Safety. The supervisory authority for the management and operation of the Plan is the Board of Trustees of the Oklahoma Public Employees Retirement System. The Board is composed of the Chairman of the Corporation Commission, the Director of the Department of Human Services, the State Treasurer, the State Insurance Commissioner, the Director of State Finance, the Director of the Department of

B. Oklahoma Public Employees Retirement System (OPERS) (cont...)

Transportation, one member of the Oklahoma Tax Commission, one member appointed by the State Supreme Court, one active member appointed by the Speaker of the House of Representatives and a retired member appointed by the Senate President Pro Tempore.

At June 30, 1988, the Plan's membership consisted of:

Retirees and beneficiaries currently receiving benefits	$ 13,451
Terminated vested participants	1,294
Active participants	41,626
Total	$ 56,371

The Plan is a division of the Oklahoma Public Employees Retirement System, a component unit of the State of Oklahoma which is combined with other similar funds to comprise the Fiduciary-Pension Trust funds of the State.

Benefits are determined at 2% of the average highest three years' annual covered compensation received during the last 5 years of participating service multiplied by the number of years of credited service. Normal retirement age under the Plan is age 62, except for elected officials for which the normal retirement age is 60. Also, a member including elected officials with a minimum of 9 years, 6 months of participating service may elect early retirement with reduced benefits beginning at age 55. Members other than elected officials become fully vested upon completing 10 years of credited service. Elected officials become fully vested upon completing 6 years of credited service. Members' contributions are 100% vested immediately and may be withdrawn upon termination of employment.

Members qualify for full retirement benefits at the age of 62 or when the sum of the member's age and their years of credited service equal 80. Credited service is the sum of participating and prior year service. Prior year service includes service before January 1, 1964 or the entry date of the employee and active wartime military service.

Disability benefits are available for members having 9 years, 6 months of credited service in which an awards letter has been received from the Social Security Administration and are determined in the same manner as retirant benefits.

Death benefits are provided to members' beneficiaries in a single payment of the accumulated contributions, and to the members' current spouse if the spouse is the sole primary beneficiary and the member was eligible to retire with either reduced or unreduced benefits at the time of death, or if the member was eligible to vest, in a monthly payment over the remaining life of the beneficiary.

Effective July 20, 1987, upon the death of a retired member, the Plan will pay $4,000 to the member's beneficiary or to the estate of the member if there is no living beneficiary. The death benefit will be paid in addition to any excess employee contributions due to the beneficiary.

11. Retirement and Pension Systems (cont...)

B. Oklahoma Public Employees Retirement System (OPERS) (cont...)

Active members for fiscal 1988 made no contribution on the first $25,000 of wages. A member whose annual salary exceeds $25,000 may elect to contribute 10% of salary in excess of $25,000 to a maximum of $40,000. Employing agencies have contributed 14% of active members' monthly salary in prior years and have contributed 8% of allowable annual compensation for fiscal 1988.

Actuarially determined contribution requirements consist of an amount for normal cost which is the estimated amount necessary to finance benefits earned by the members during the current service year and an amount for amortization of the unfunded actuarially accrued liability over a period of the remainder of the 40-year amortization period. Such amounts are determined using the entry age normal actuarial cost method which assumes a level percentage of salary and similar actuarial assumptions that were used to calculate the pension benefit obligation. The unfunded actuarial accrued liability and the actuarial determined contribution requirement at June 30, 1988, as determined by the Plan's consulting actuary were $483,109,389 and $100,145,216, respectively.

Historical Trend Information

REVENUE BY SOURCE

	Legislative Appropriations	Employee Contributions	State and Local Agency Contributions	(Unaudited) State Agency Contributions as a Percentage of Annual Covered Payroll	Investment Income	Total
1988	$ –	$ 4,663,385	$ 65,309,077	8.2	$119,117,015	$ 189,089,477
1987	–	18,921,515	116,296,844	14.6	116,444,706	251,663,065
1986	3,500,000	16,266,908	96,832,804	12.9	102,852,232	219,451,944
1985	–	15,191,218	89,222,383	12.7	78,596,028	183,009,629
1984	–	15,300,536	88,799,326	12.7	62,231,024	166,330,886
1983 (1)	–	14,438,922	88,093,797	13.3	60,322,994	162,855,713
1982 (1)	–	6,853,313	69,062,443	12.2	3,783,893	119,699,649
1981 (1)	–	2,450,989	56,338,544	12.4	34,870,982	93,660,515
1980 (1)	–	2,268,348	48,105,363	12.3	23,008,653	73,382,364
1979 (1)	–	2,027,035	40,372,683	13.3	16,097,968	58,497,686

B. Oklahoma Public Employees Retirement System (OPERS) (cont...)

Historical Trend Information (cont...)

EXPENSES BY TYPE

	Benefits	Administrative Expenses	Refunds	Total
1988	$ 83,869,717	$ 797,820	$ 2,856,473	$ 87,524,010
1987	73,986,974	785,851	3,399,733	78,172,558
1986	59,136,955	803,562	3,438,628	63,379,145
1985	44,254,633	676,634	6,737,188	51,668,455
1984	39,762,544	672,922	2,301,745	42,737,211
1983 (1)	34,853,553	682,507	1,060,545	36,596,605
1982 (1)	28,042,933	444,992	881,486	29,369,411
1981 (1)	22,643,329	367,610	809,589	23,820,528
1980 (1)	18,546,299	306,080	779,218	19,631,597
1979 (1)	14,763,284	290,023	864,112	15,917,419

(1) Amounts shown for these years are unaudited.

ANALYSIS OF FUNDING PROGRESS

Fiscal Year	(1) Net Assets Available for Benefits	(2) Pension Benefit Obligation	(3) Percentage Funded (1) / (2)	(4) Unfunded Pension Benefit Obligation (2) - (1)	(5) Unaudited Annual Covered Payroll	(6) (Unaudited) Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll (4)/(5)
1988	$ 1,308,200,897	$ 1,551,922,433	84.30%	$ 243,721,536	$ 787,048,635	30.97%

These summaries are shown for the years available. Additional years will be added as data becomes available.

Plan Amendments

As the result of House Bill 1588, effective July 1, 1988, the following significant changes have been made to the Plan:

- The contribution rate for state employees for the first $25,000 of eligible salary is 2%. The rate for the eligible salary in excess of $25,000 up to $40,000 is 10%.
- State agencies' (employers) contributions will be 14% of eligible salary up to $40,000.

11. Retirement and Pension Systems (cont...)

B. Oklahoma Public Employees Retirement System (OPERS) (cont...)

Plan Amendments (cont...)

- The total contribution rate for local government agencies will be 16% of eligible salaries. The maximum paid by the employer will be 14% and the maximum for employees will be 7% except for those employees who elect to contribute 10% on the salary exceeding $25,000 up to $40,000.
- All Plan retirants receiving benefits as of June 30, 1988, will receive a 3% increase in benefits.

As a result of House Bill 1783, the following significant change occurred:

- Effective October 1, 1988, the Plan will remit $75.00 per month per retirant for health benefits to the Oklahoma State Employees and Education Group Insurance Board. Retirants may enroll for said benefit through March 31, 1989. The Plan estimates the cost to be approximately $8,000,000 per year.

The Plan's consulting actuary has not determined the effects, if any, the amendments will have on the System's unfunded obligation.

C. Oklahoma Firefighters Pension and Retirement System (OFPRS)

The Oklahoma Firefighters Pension and Retirement System (the System) was established by legislative act and became effective on January 1, 1981. The System assumed responsibility for all previous existing municipal firefighters' pension systems in the State of Oklahoma. These municipalities transferred all existing assets and pension payment obligations to the System. The System recorded the investments at market value as of the date of transfer. The System is administered by a thirteen-member board which acts as a fiduciary for investment of funds and the application of plan interpretations. At June 30, 1988, there were 413 cities and six fire protection districts participating in the System.

The System is a component unit of the State of Oklahoma which is combined with other similar funds to comprise the Fiduciary - Pension Trust funds of the State.

In general, the System provides defined retirement benefits based on members final average salary, age and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. Contribution and retirement provisions are as follows:

- Participating full-time firefighters contribute 8% of applicable earnings, while member cities contribute 10% of the member's applicable earnings. In addition, the member cities contribute $60 for each volunteer firefighter. The State of Oklahoma allocates a portion of premium tax on various types of fire insurance to the System. The State also allocates additional funds annually as needed to pay current costs and to amortize the unfunded actuarial present value of accumulated plan benefits.

11. Retirement and Pension Systems (cont...)

C. Oklahoma Firefighters Pension and Retirement System (OFPRS) (cont...

- Paid members become 100% vested in retirement benefits earned to date after ten years of credited service. Normal retirement is attained upon completing 20 years of service. At June 30, 1988, there were 3,223 active paid and volunteer firefighters eligible for vesting and 5,150 not yet eligible for vesting.

- The normal retirement benefit is equal to 2-1/2% of the member's final average compensation for each year of credited service, not-to-exceed 30 years. Final average salary is defined as the average base salary over the highest 30 consecutive months of the last 60 months of participation. For volunteer firefighters, the monthly pension benefit is $4.77 for each year of credited service, not to exceed 30 years. At June 30, 1988, there were 5,539 retired firefighters receiving benefits and 36 terminated employees entitled to, but not yet receiving benefits.

- A member is eligible for disability benefits after approval by the Board of Trustees based upon a medical examiner's report. Disability benefits are determined the same as retirement benefits.

- A $4,000 lump sum death benefit is payable to the beneficiary or estate of an active or retired participant upon the participant's death. This provision went into effect July 1, 1987. For the year ended June 30, 1988, total death benefits of $444,000 were paid from the System.

- Upon withdrawal from the System, member's contributions are refundable without interest based on the provisions of the plan.

Contributions to the system consist of amounts received from municipalities and their employees equal to 10% and 8% of member's salary, respectively. The remainder of the contributions are received from the State of Oklahoma through insurance premium taxes or additional state appropriations. Based on the actuarial valuation prepared July 1, 1988, the total contribution requirement was $54,038,319. Of this amount, the contribution requirement for the State of Oklahoma totaled $40,817,953, with $9,594,313 required through state appropriations (other than insurance premiums) to cover normal cost and to amortize the unfunded obligation over a thirty-year period for the year ending June 30, 1989. Contributions to the system for the year ended June 30, 1988, consisted of employer contributions of $8,628,480, employee contributions of $6,667,573 and insurance premium taxes of $21,514,977. No state appropriations were received during the year.

Historical trend information relating to the pension and retirement system is not available at this time.

11. Retirement and Pension Systems (cont...)

C. Oklahoma Firefighters Pension and Retirement System (OFPRS) (cont...)

Insurance Premium Taxes

During prior years, the system received from the State of Oklahoma, sixty-one/sixty-fourths of premium taxes collected on specific types of insurance policies. However, as of June 30, 1987, the insurance premium tax was the subject of litigation and as a result, approximately $37,000,000 allocated to the system was being held in escrow by the State Insurance Commissioner's office. During the year ended June 30, 1988, the Oklahoma Legislature passed House Bill 2013 resulting in the elimination of the system's claim against the escrow funds. As a result of the system's relinquishing the claim against these funds, the system will receive 34% of the insurance premium tax collected from insurance companies on all types of insurance policies.

D. Oklahoma Police Pension and Retirement System (OFPPRS)

The Oklahoma Police Pension and Retirement System (the "System") is the administrator of a multiple-employer retirement system established and administered by the State of Oklahoma. The System covers substantially all police officers employed by the 106 participating municipalities within the State of Oklahoma.

The Oklahoma Police Pension and Retirement Board (the "Board") is responsible for the operation, administration and management of the System. The Board also determines general investment policy of the System's assets.

The retirement plan administered by the System is a contributory, defined benefit plan that provides participants with retirement, death and disability benefits.

Police officers employed in participating municipalities are required to participate in the System, provided that they meet certain requirements. Police officers are required to pass physical and medical examinations and must be not less than 21 nor more than 35 years of age when accepted for initial membership.

The System's participants at June 30, 1988 and 1987, consisted of:

	1988	1987
Retirees and beneficiaries currently receiving benefits	1,350	1,254
Vested terminated members	9	-
Current employees:		
Vested	1,285	1,271
Nonvested	1,742	1,800
Total current employees	3,027	3,071
Total participants	4,386	4,325

11. Retirement and Pension Systems (cont...)

D. Oklahoma Police Pension and Retirement System (OFPPRS) (cont...)

The normal retirement date under the plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing ten years of credited service as a contributing participant of the System. No vesting occurs prior to completing ten years of credited services. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed ten years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date he reaches 50 years of age or the date he would have had 20 years of credited service had his employment continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated at 2-1/2% of the final average salary (defined as the average paid base salary of the officer over the last 30 months of credited service) multiplied by the years of credited service. The maximum pension allowable for any participant is 75% of the final average salary.

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years or actual service if greater than 20 years. This disability benefit is reduced by stated percentage for partial disability based on the percentage impairment. After ten years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service, not to exceed 30 years. This disability benefit is also reduced by stated percentages for partial disability based on the percentage impairment.

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is also entitled to a pension benefit. A $4,000 death benefit is also paid, in addition to any survivor's pension benefits under the System, to the participant's beneficiary.

In 1983, legislation was passed which repealed certain statutory cost of living allowances ("COLAs") to retirees. These statutory COLAs were based on a portion of COLAs granted to active police officers in the retiree's city. The System stopped granting the COLAs as of August 1, 1984. On December 7, 1987, the United States District Court for the Western District of Oklahoma ruled that this repeal was unconstitutional and required the System to begin paying these COLAs prospectively. The Court allows the System to offset subsequent increases in benefits against any amount being paid related to the COLA benefits. The increase in benefits paid in fiscal 1988 relating to the COLA adjustment was approximately $400,000.

The Oklahoma State Legislature has the authority to grant percentage increases to persons receiving benefits from the System. Effective July 1, 1988, a 6% increase in benefits was granted. Participants eligible to receive benefit increases related to the statutory COLAs are to receive the greater of the 6% increase or the benefit increase the participant would receive pursuant to the COLA provision.

11. Retirement and Pension Systems (cont...)

D. Oklahoma Police Pension and Retirement System (OPPRS) (cont...)

An eligible municipality may join the System on the first day of any month. Upon approval by the Board, its membership is irrevocable. All persons employed as police officers are required to participate in the system upon initial employment with the police department of the participating municipality provided they meet certain requirements. Each municipality contributes 10% of the actual base salary of each participant in the System employed by the municipality. Each participant of the System contributes 8% of his actual paid base salary. Revenue is provided to the System by the State of Oklahoma through a tax on premiums collected by insurance companies operating in Oklahoma and by the net investment income generated on assets held by the System.

Litigation had been brought challenging the constitutionality of Oklahoma's Premium Tax Law, including the 1985 Amendments thereto, as they impacted approximately 90 "foreign" insurance companies (companies not based in Oklahoma). These constitutional challenges required that a portion of the premium taxes collected be paid into an escrow account controlled by the State Insurance Commissioner. The System's share of these funds was not recorded as an asset in the accompanying 1987 financial statements. During fiscal 1988, the system relinquished its right to these funds in return for an increased portion of the premium tax revenue to be paid in future periods.

The Oklahoma State Legislature is required by statute to make such appropriations as necessary to assure that benefit payments are made. State contributions, in addition to the System's share of insurance premium taxes, were $-0- for 1988.

A suggested minimum contribution from the State of Oklahoma is computed annually by an actuary hired by the State of Oklahoma. However, the amount contributed to the System is based on the legislative appropriation rather than the actuarial calculations of the amount required to fund the plan.

Historical Trend Information

ANALYSIS OF FUNDING PROGRESS
(millions)

Fiscal Year	Net Assets Available for Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
1987	$311	$386	81%	$75	$70	107%
1988	320	378	85%	58	76	76%

11. Retirement and Pension Systems (cont...)

D. Oklahoma Police Pension and Retirement System (OPPRS) (cont...)

Historical Trend Information (cont...)

REVENUES BY SOURCE
(000's omitted)

Year Ending	Employee Contributions	Employer Contributions	State Contribution	Investment Income	Total
December 31, 1988	$5,376	$ 6,720	$ 19,244	$ 14,999	$ 46,339
Six months ended:					
June 30, 1985	2,729	3,411	6,498	19,530	32,168
June 30, 1986	5,699	7,123	21,250	42,218	76,290
June 30, 1987	5,754	7,192	20,382	28,428	61,756
June 30, 1988	6,060	7,575	10,725	1,288	25,648

EXPENSES BY TYPE
(000's omitted)

Year Ending	Benefits	Administrative Expenses	Refunds	Total
December 31, 1984	$10,599	$ 435	$ 928	$11,962
Six months ended:				
June 30, 1985	5,450	181	453	6,084
June 30, 1986	12,190	473	926	13,589
June 30, 1987	13,866	632	949	15,447
June 30, 1988	15,365	1,165	904	17,434

E. Oklahoma Law Enforcement Retirement System (OLERS)

The Oklahoma Law Enforcement Retirement System (the System) is a multiple-employer, cost-sharing public employee retirement system (PERS).

The System was established July 1, 1947 for the purpose of providing retirement allowances and other benefits for qualified law enforcement officers as defined by Oklahoma statutes. Currently, agencies and/or departments who are members of the System are the Oklahoma Highway Patrol, the Oklahoma State Bureau of Investigation, the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control and the Oklahoma Alcoholic Beverage Law Enforcement Commission designated to perform duties in the investigation and prevention of crime and the enforcement of the criminal laws of this state, the drivers license examiners and members of the Communications Division and Waterways Patrol Division of the Oklahoma Department of Public Safety, park rangers of the Oklahoma Tourism and Recreation Department and inspectors of the Oklahoma State Board of Pharmacy. There were approximately 1,100 active and inactive members and approximately 460 benefit recipients at June 30, 1988.

11. Retirement and Pension Systems (cont...)

E. Oklahoma Law Enforcement Retirement System (OLERS) (cont...)

The System is a component unit of the State of Oklahoma which is combined with other similar funds to comprise the Fiduciary-Pension Trust funds of the State.

Benefits

Benefits are determined at 2-1/2% of the average highest 30 consecutive complete months of actual paid base salary times years of credited services. The normal retirement date requirements are as follows:

- Complete 20 years of vesting service;
- Attain age 62, if the member has been transferred to this System from the Oklahoma Public Employees Retirement System on or after July 1, 1981, and the member would have been vested had the member continued to be a member of the Oklahoma Public Employees Retirement System.

Members who became disabled prior to the member's normal retirement date and by direct reason of the performance of the member's duties as an officer, shall receive a monthly benefit equal to the greater of 50% of the average of the highest 30 consecutive complete months of actual paid base salary or 2-1/2% of the average of the highest 30 consecutive complete months of actual pay base salary multiplied by the number of years of the member's credited service. Individuals who became members of the System on or after July 1, 1980 are limited to 30 years of credited service.

Members who became disabled prior to the members' normal retirement date but after completing 3 years of vesting service and not by reason of the performance of the members' duties as an officer or as a result of the members' willful negligence, shall receive a monthly benefit equal to 2-1/2% of the average of the highest 30 consecutive complete months of actual paid base salary multiplied by the number of years of the member's credited service. Individuals who became members of the System on or after July 1, 1980 are limited to 30 years of credited service.

11. Retirement and Pension Systems (cont...)

E. Oklahoma Law Enforcement Retirement System (OLERS) (cont...)

Benefits (cont...)

Benefits upon the death of members are provided to named beneficiaries and are paid in monthly payments. The amount of payment is based on the employee's eligibility for retirement and designated beneficiary. Upon the death of an active or retired member, a lump sum of $4,000 is paid to the beneficiary as a death benefit.

The contribution requirements of the System are an established rate determined by the Oklahoma Legislature and are not an actuarial calculation. Total contributions for state agencies and employees are 10% and 8%, respectively, of the actual paid base salary of each member. In addition, the System receives dedicated revenues including 1.2% of all fees, taxes and penalties collected by motor license agents, fifty cents per vehicle inspection sticker issued and, beginning in April, 1988, 5% of the insurance premium taxes collected by the Insurance Commissioner. The total contributions for 1988 were approximately $10,743,000 which represents approximately 43% of the annual covered payroll. Effective April 1, 1988, the Oklahoma Legislature passed House Bill 2013 which allocated to the System 5% of the insurance premium taxes collected by the state. Such premium taxes provided approximately $1,170,000 in additional contributions in 1988.

Historical Trend Information

REVENUE BY SOURCE

Year Ended June 30	Employee Contributions	(Unaudited) Employer Contrib. as a Percent. of Covered Payroll	State Agencies Contributions	(Unaudited) State Agencies Contrib. as a Percent. of Covered Payroll	Licenses, Fees Premium Tax and Permits	Legislative Appropr.	Investment Income	Total
'88(5)(6)	$ 2,082,138	8.3%	$ 2,505,033	10.0%	$ 6,155,408	$ —	$ 3,973,626	$ 14,716,205
'87(4)(3)	2,063,076	8.0	2,578,883	10.0	4,971,869	5,714,695	13,370,925	28,699,448
'86 (1)	2,305,561	(7)	2,860,961	(7)	5,796,169	5,323,000	19,764,880	36,050,571
'85(1)	1,861,940	(7)	2,305,887	(7)	5,322,063	2,642,000	12,089,743	24,221,633
'84(1)	1,822,373	(7)	2,277,967	(7)	5,267,539	2,642,000	(21,110)	11,988,769
'83(1)(2)	1,774,310	(7)	2,217,268	(7)	5,357,578	2,642,000	6,821,954	18,813,110
'82(1)(6)	961,015	(7)	1,089,768	(7)	5,025,090	-	1,283,425	8,359,298

11. Retirement and Pension Systems (cont...)

E. Oklahoma Law Enforcement Retirement System (OLERS) (cont...)

Historical Trend Information (cont...)

EXPENSES BY TYPE

Year Ended June 30	Benefits	Administrative and Investment Expenses	Refunds	Total
1988	$ 7,715,605	$ 213,962	$ 143,683	$ 8,073,250
1987 (3)(4)	7,064,782	141,200	245,768	7,451,750
1986 (1)	5,342,549	118,471	125,727	5,586,747
1985 (1)	3,725,789	89,454	154,506	3,969,749
1984 (1)(2)	3,315,127	72,803	67,040	3,454,970
1983 (1)(2)	3,012,555	62,084	45,873	3,120,512
1982 (1)	2,354,875	40,085	31,185	2,426,145

(1) Amounts shown for these years are unaudited.

(2) Effective July 1, 1983, the Oklahoma Legislature made the following changes to the System.

- Provided for law enforcement officers of the Alcoholic Beverage Law Enforcement Commission to participate in the plan.
- Increased the state contribution from 6% to 8%.

(3) Effective July 1, 1986, the Oklahoma Legislature determined that the law enforcement officers of the Park Rangers of the Oklahoma Tourism and Recreation Department could be covered by the Plan.

(4) During 1987, the System provided for service credit for unused sick leave.

(5) Effective April 1, 1988, the Oklahoma Legislature passed House Bill 2013 which apportioned 5% of the insurance premium taxes collected by the state to the System.

(6) In 1982 and 1988, the Oklahoma Legislature did not apportion any additional funds to the System.

(7) Covered payroll information was not available for these years.

These summaries are shown only for the years available. Additional years will be added as data becomes available.

11. Retirement and Pension Systems (cont...)

E. Oklahoma Law Enforcement Retirement System (OLERS) (cont...)

Historical Trend Information (cont...)

ANALYSIS OF FUNDING PROGRESS

Fiscal Year	(1) Net Assets Available for Benefits (at Market)	(2) Pension Benefit Obligation	(3) Percentage Funded (1) / (2)	(4) Unfunded Pension Benefit Obligation (2) - (1)	(5) (Unaudited) Annual Covered Payroll	(6) (Unaudited) Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll (4)/(5)
1988	$ 123,437,394	$ 196,225,295	62.9%	$ 72,787,901	$ 25,050,000	291%
1987	116,794,439	210,079,127	55.6	93,284,688	25,788,000	362

The summary is shown only for the two years available. Additional years will be added as data becomes available.

The System's independent actuary annually determines the amount of contribution required to fund plan benefits. Based on the actuarial valuation as of July 1, 1987, the estimated required annual minimum contribution as of July 1, 1987 is approximately $11,800,000. This required annual minimum contribution is the amount necessary, including agency contributions, designated revenues and state appropriations, to cover normal costs and to amortize the unfunded accrued liability over a 40-year period beginning July 1, 1982.

Inspectors of the Oklahoma State Board of Pharmacy (the OSBP) who were certified peace officers and who were members of the Oklahoma Public Employment Retirement System (OPERS) began accruing benefits under the system on July 1, 1986. On January 1, 1987, OPERS transferred to the System the actual amount contributed to OPERS by the state and by each inspector of the OSBP transferring to the System and the retirement records of those transferring employees. Credited service accrued by said inspectors of the OSBP under OPERS was treated as credited service by the System.

Plan Amendments

The Oklahoma Legislature adopted certain changes to the Law Enforcement Retirement Law through the passage of House Bills 1582 and 1588. The new legislation includes the following amendments:

- Prior legislation provided that the monthly benefit calculation be limited to 30 years of credited service. Effective July 1, 1988, this 30-year limitation was eliminated.

- A 3% increase in benefits was approved for any person receiving benefits from the Oklahoma Law Enforcement Retirement System as of June 30, 1988.

11. Retirement and Pension Systems (cont...)

E. Oklahoma Law Enforcement Retirement System (OLERS) (cont...)

Plan Amendments (cont...)

- Any member who retired prior to July 1, 1985, or the surviving spouse of such member or the surviving spouse of a member who became deceased prior to July 1, 1985, shall receive retirement benefits computed on a final average salary of $2,217 instead of $2,117 as under the law existing at June 30, 1988.

The System's independent actuary has not determined the effects, if any, these amendments will have on the System's unfunded obligation.

F. Uniform Retirement System for Justices and Judges (URSJJ)

The Uniform Retirement System for Justices and Judges (the Plan), a Division of the Oklahoma Public Employees Retirement System, is a multiple-employer, cost-sharing public employee retirement plan which is a defined benefit pension plan covering all justices and judges of the Oklahoma Supreme Court, Court of Criminal Appeals, State Industrial Court, Intermediate Appellate Court and District Courts. The supervisory authority for the management and operation of the Plan is the Board of Trustees of the Oklahoma Public Employees Retirement System. The Board is composed of the Chairman of the Corporation Commission, the Director of the Department of Human Services, the State Treasurer, the State Insurance Commissioner, the Director of State Finance, the Director of the Department of Transportation, one member of the Oklahoma Tax Commission, one member appointed by the State Supreme Court, one active member appointed by the Speaker of the House of Representatives and a retired member appointed by the Senate President Pro Tempore.

At June 30, 1988, the Plan's membership consisted of:

Retirees and beneficiaries currently receiving benefits	124
Terminated vested participants	9
Active participants	236
Total	369

The Plan is a Division of the Oklahoma Public Employees Retirement System, a component unit of the State of Oklahoma which is combined with other similar funds to comprise the Fiduciary-Pension Trust funds of the State of Oklahoma.

Benefits

Benefits are determined at 4% of the retirant's average monthly compensation for active service over the last five years times the total years of service in the Plan, not-to-exceed 70% of a retirant's average monthly compensation for the last five years. Normal retirement ages under the plan are as follows:

11. Retirement and Pension Systems (cont...)

F. Uniform Retirement System for Justices and Judges (URSJJ) (cont...)

Benefits (cont...)

- Age 70 with 8 years of service
- Age 65 with 10 years of service
- Age 60 with 20 years of service

Members become fully vested upon completing 8 years of credited service. Members' contributions are 100% vested immediately and may be withdrawn at the time such member ceases to be a justice or judge of a court within the Plan.

Disability benefits are available for members who have attained age 55 and have 15 years of credited service and are determined in the same manner as retirant benefits. The Court on the Judiciary may override these requirements if it is determined that any judge or justice is no longer capable of performing regular duties.

Death benefits are paid to members' beneficiaries provided the member meets the contribution requirements and the beneficiary qualifies under the plan provisions. These payments are made in a single payment of the accumulated contributions. Members must have 8 years of credited service before beneficiaries are eligible for death benefits.

Effective July 20, 1987, upon the death of a retired member, the Plan will pay $4,000 to the member's beneficiary or to the estate of the member if there is no living beneficiary. The death benefit will be paid in addition to any excess employee contributions due to the beneficiary.

Survivor benefits are paid to a member's spouse provided the member meets the contribution requirements and the spouse qualifies under the plan provisions. These payments are made in a monthly payment over the remaining life of the spouse. Members must have eight years of credited service before their spouses are eligible for survivor benefits.

Member contributions are 5% of a members' monthly salary. If a member elects to extend the provisions of the Plan to a surviving spouse, contributions are 8% of a member's monthly salary. Contributions from the participating courts are 10% of all fines, forfeitures and penalties received by the courts. Such contributions are determined each quarter.

Actuarially determined contribution requirements consist of an amount for normal cost which is the estimated amount necessary to finance benefits earned by the members during the current service year and an amount for amortization of the unfunded actuarially accrued liability over a period of the remainder of the original 30-year amortization period. Such amounts are determined using the entry age normal actuarial cost method which assumes a level percentage of salary and similar actuarial assumptions that were used to calculate the pension benefit obligation. The unfunded actuarial accrued liability and the actuarial determined contribution requirement at June 30, 1988, as determined by the Plan's consulting actuary were $11,973,374 and $3,716,373, respectively.

11. Retirement and Pension Systems (cont...)

F. Uniform Retirement System for Justices and Judges (URSJJ) (cont...)

Historical Trend Information

REVENUE BY SOURCE

	Employee Contributions	Participating Court Contributions	(Unaudited) Participating Court Contributions as a Percentage of Annual Covered Payroll	Investment Income	Total
1988	$ 812,970	$ 4,149,011	34.5%	$ 3,021,588	$ 7,983,569
1987	794,851	3,296,922	29.2	4,031,520	8,123,293
1986	799,618	3,502,321	29.0	2,266,821	6,568,760
1985	683,663	3,183,929	(2)	2,630,676	6,498,268
1984	692,640	3,031,137	(2)	1,556,638	5,280,415
1983	680,978	2,395,189	(2)	1,314,533	4,390,700
1982	611,275	2,266,835	(2)	763,372	3,641,482
1981 (1)	431,596	3,643,469	(2)	352,903	4,427,968
1980 (1)	391,364	1,457,425	(2)	146,390	1,995,179
1979 (1)	366,386	—	(2)	101,397	467,783

EXPENSES BY TYPE

	Benefits	Administrative Expenses	Refunds	Total
1988	$ 1,983,966	$ 51,778	$ 73,224	$ 2,108,968
1987	1,849,268	45,491	181,141	2,075,900
1986	1,688,236	44,424	73,012	1,805,672
1985	1,437,563	43,681	137,439	1,618,683
1984	1,294,795	41,598	125,676	1,462,069
1983	1,103,506	24,460	70,158	1,198,124
1982	895,822	17,033	83,566	996,421
1981 (1)	767,072	14,139	30,788	811,999
1980 (1)	734,978	18,348	20,698	774,024
1979 (1)	625,464	10,000	92,650	728,114

(1) Amounts shown for these years are unaudited.

(2) Covered payroll information was not available for these years.

11. Retirement and Pension Systems (cont...)

F. Uniform Retirement System for Justices and Judges (URSJJ) (cont...)

Historical Trend Information (cont...)

ANALYSIS OF FUNDING PROGRESS

Fiscal Year	(1) Net Assets Available for Benefits	(2) Pension Benefit Obligation	(3) Percentage Funded (1)/(2)	(4) Unfunded Pension Benefit Obligation (2)-(1)	(5) (Unaudited) Annual Covered Payroll	(6) (Unaudited) Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll (4)/(5)
1988	$ 36,088,362	$ 37,174,192	97.08%	$ 1,085,830	$ 12,027,588	9.03%

These summaries are shown only for fiscal year 1988. Additional years will be added as data becomes available.

Plan Amendments

As a result of House Bill 1588 effective July 1, 1988, unless otherwise stated, the following significant changes have been made to the Plan:

- Beginning July 1, 1990, members are eligible to retire when they have 8 years of service and are 70 years of age, 10 years of service and are 65 years of age, 20 years of service and are 60 years of age, or whose sum of years served and age equal or exceed 80.
- Beginning January 1, 1988, the benefits being received by Plan retirants or their beneficiaries are exempt from Oklahoma State income tax.

The Plan's consulting actuary has not determined the effects, if any, these amendments will have on the Plan's unfunded obligation.

G. Unfunded Pension Benefit Obligation

The actuarial present values presented in the accompanying financial statements were calculated by accredited actuaries and were determined by applying actuarial assumptions to reflect the time value of money and the probability of payment between the valuation date and the expected date of payment. The most significant actuarial assumptions used in the valuations were the assumed rates of return on investments, which range from 6.5% to 7.5%.

The amounts shown below as "pension benefit obligation" (PBO) are presented as a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the Systems' funding status on a going-concern basis, and assess progress made in accumulating sufficient assets to pay benefits when due.

11. Retirement and Pension Systems (cont...)

G. Unfunded Pension Benefit Obligation (cont...)

Net assets are presented at cost for OPERS and URSJJ, and at market for all other systems.

	Actuarial Valuation Date	Net Assets Available for Benefits	Pension Benefit Obligation	Unfunded Pension Benefit Obligation
TRSO	07-01-88	$ 1,797,605,448	$ 3,326,151,000	$(1,528,545,552)
OPERS	06-30-88	1,308,200,897	1,551,922,433	(243,721,536)
OFPRS	07-01-88	351,240,167	762,038,449	(410,798,282)
OPPRS	06-30-88	319,449,000	424,891,000	(105,442,000)
OLERS	07-01-88	123,437,394	196,225,295	(72,787,901)
URSJJ	07-01-88	36,088,362	37,174,192	(1,085,830)
Total		$ 3,936,021,268	$ 6,298,402,369	$(2,362,381,101)

H. Investments

The following is a summary of the investments of the various State pension plans (amounts are rounded and expressed in thousands):

	TRSO	OPERS	OFPRS	OPPRS	OLERS	URSJJ
Certificates of Deposit	$ –	$ 4,000	$ –	$ 13,660	$ –	$ –
Debt Securities:						
U.S. Government, cost	850,520	746,547	–	–	–	16,990
U.S. Government, FMV	–	–	144,472	96,703	70,265	–
Other, cost	467,089	–	–	–	–	–
Other, FMV	–	–	71,005	–	–	–
Short Term Investments, cost	113,526	–	–	–	–	–
Short Term Investments, FMV	–	–	44,728	–	23,628	–
Equity Securities, cost	329,549	296,372	–	–	–	–
Equity Securities, FMV	–	–	87,018	–	28,594	–
Corporate Bonds, cost	–	215,347	–	–	–	9,944
Corporate Bonds, FMV	–	–	–	71,730	–	–
Corporate Stocks, cost	–	–	–	–	–	7,161
Corporate Stocks, FMV	–	–	–	106,256	–	–
Other, cost	14,000	8,505	–	–	–	–
Other, FMV	–	–	–	29,675	–	–
Total	$ 1,774,684	$ 1,270,771	$ 347,223	$ 318,024	$ 122,487	$ 34,095

12. Commitments

Department of Transportation

The Department has obligations for highway construction projects which totaled $ 152,948,280 at June 30, 1988. Of these commitments, 82% is expected to be federally reimbursed from the proceeds of approved federal grants when the actual costs are incurred. These commitments are in the form of signed construction contracts and have been reported as encumbrances in the accompanying financial statements. The federally reimbursable portion of these commitments has been designated as a reduction of total encumbrances.

Oklahoma Municipal Power Authority

The Oklahoma Municipal Power Authority has purchased ownership interests in one coal-fired generating unit, two lignite-fired generating units and one hydroelectric generating unit. During the year ended December 31, 1986, the agreement for the purchase of ownership interest in the hydroelectric generating unit was replaced with a new agreement whereby the Authority, as co-licensee of the project, will have ownership interest of 99.5% and will be the construction manager of the project. Pursuant to the agreement, the previous sole licensee, upon obtaining the requisite permanent financing, reserves the option to increase its 0.5% ownership interest up to 50.1%, subject to certain conditions dealing with the Authority's tax exempt status, at any time prior to the date of commercial operation.

In addition to the arrangements for the purchase of ownership shares of generating capacity, the Authority has entered into certain power purchase and transmission arrangements in order to supplement generating capacity owned by the Authority and to provide for the transmission of the Authority's power and energy to the member municipalities.

At December 31, 1987, the two lignite-fired generating units and the coal-fired generating unit are complete and operational. The hydroelectric generating unit is still under construction. The Authority's share of costs to complete this unit along with commitments for certain other generating and transmission facilities as of December 31, 1987 is estimated to be approximately $26.5 million.

13. Litigation and Contingencies

The State and its units are parties to numerous legal proceedings, many of which normally recur in governmental operations. The legal proceedings are not likely to have a material adverse impact on the State's financial position, based on information provided by the Attorney General, with respect to litigation being handled by that office.

The State receives significant financial assistance from the U.S. Government in the form of grants and federal revenue sharing entitlements. Entitlement to the resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the Federal agencies. Any disallowances as a result of these audits could become a liability of the State. As of June 30, 1988, the State is unable to estimate what liabilities may result from such audits.

COMBINING FINANCIAL STATEMENTS

STATE OF OKLAHOMA
COMBINING BALANCE SHEET (BY FUNCTION)
GENERAL FUND
JUNE 30, 1988

	GENERAL GOVERNMENT	EDUCATION	HEALTH & SOCIAL SERVICES
ASSETS			
Cash and deposits with Treasury	$ 624,558,170	$ 52,551,676	$ 64,478,011
Cash and temporary investments, restricted	0	0	0
Accrued interest receivable	0	0	0
Investments	0	0	0
Investments at fair market value	0	0	0
Accounts receivable	0	8,437,000	7,648,268
Due from other funds	613,058	0	0
Due from federal government	0	0	26,534,630
Due from other state agencies	0	0	712,567
Notes receivable	0	0	0
Inventories	0	2,119,397	4,522,424
Prepaid expenses	0	93,653	0
Property, plant and equipment (net)	0	0	0
Restricted assets	0	0	0
Other assets and deferred charges	0	0	0
Amount to be provided for retirement of general long-term debt	0	0	0
TOTAL ASSETS	$ 625,171,228	$ 63,201,726	$ 103,895,900

	GENERAL GOVERNMENT	EDUCATION	HEALTH & SOCIAL SERVICES
LIABILITIES AND FUND EQUITY			
Liabilities:			
Warrants payable	$ 129,607,019	$ 0	$ 6,793,082
Accounts payable and accrued liabilities	6,315,478	13,159,282	55,365,512
Notes payable	0	0	0
Due to other funds	0	0	0
Funds held in custody for others	0	0	184,910
Premium deposits and unearned premium	0	0	0
Other liabilities	0	0	73,907
Deferred revenues and deposits	0	0	0
Refundable motor fuel tax	0	0	0
General obligation bonds payable	0	0	0
Revenue bonds payable	0	0	0
Total liabilities	135,922,497	13,159,282	62,417,411

LAW, JUSTICE & PUBLIC SAFETY	RECREATION & NATURAL RESOURCES	REGULATORY SERVICES	TOTAL
$ 16,152,849	$ 4,983,660	$ 4,334,345	$ 767,058,711
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	16,085,268
0	0	0	613,058
0	0	0	26,534,630
0	0	0	712,567
0	0	0	0
0	0	0	6,641,821
0	0	0	93,653
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
$ 16,152,849	$ 4,983,660	$ 4,334,345	$ 817,739,708
$ 0	$ 0	$ 0	$ 136,400,101
4,493,776	1,176,632	361,009	80,871,689
0	0	0	0
0	0	0	0
0	0	0	184,910
0	0	0	0
0	0	0	73,907
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
4,493,776	1,176,632	361,009	217,530,607

LAW, JUSTICE & PUBLIC SAFETY	RECREATION & NATURAL RESOURCES	REGULATORY SERVICES	TOTAL
$ 3,088,884	$ 1,757,156	$ 194,967	$ 30,659,923
0	0	0	0
0	0	0	3,227,104
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	3,039,270
0	0	0	100,000
0	0	0	0
8,570,189	2,049,872	3,778,369	563,182,804
11,659,073	3,807,028	3,973,336	600,209,101
$ 16,152,849	$ 4,983,660	$ 4,334,345	$ 817,739,708

STATE OF OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (BY FUNCTION)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1988

	GENERAL GOVERNMENT	EDUCATION	HEALTH & SOCIAL SERVICES
REVENUES:			
Taxes	$ 2,336,563,458	$ 38,100	$ 0
Licenses, fees and permits	30,879,632	434,336	5,730,723
Income from money and property	83,507,335	453,651	152
Federal funds	80,496	88,963,021	659,042,220
Other	24,471,109	13,636,967	108,312,326
TOTAL REVENUES	2,475,502,030	103,526,075	773,085,421
EXPENDITURES:			
General government	115,638,368	0	0
Education	0	986,234,130	0
Transportation	0	0	0
Health and social services	0	0	1,350,100,186
Law, justice and public safety	0	0	0
Recreation and natural resources	0	0	0
Regulatory services	0	0	0
Principal retirement	0	0	0
TOTAL EXPENDITURES	115,638,368	986,234,130	1,350,100,186
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,359,863,662	(882,708,055)	(577,014,765)
OTHER FINANCING SOURCES (USES):			
Transfers in	738,211,319	28,125,609	484,775,375
Transfers out	(2,760,909,939)	(81,311,749)	(44,076,156)
State appropriations	105,297,174	955,869,695	128,568,748
TOTAL OTHER FINANCING SOURCES (USES)	(1,917,401,446)	902,683,555	569,267,967
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	442,462,216	19,975,500	(7,746,798)
FUND BALANCE, JULY 1, 1987	46,786,515	30,075,498	49,225,287
Adjustments of Prior Periods	0	(8,554)	0
FUND BALANCE, JUNE 30, 1988	$ 489,248,731	$ 50,042,444	$ 41,478,489

LAW, JUSTICE & PUBLIC SAFETY	RECREATION & NATURAL RESOURCES	REGULATORY SERVICES	TOTAL
$ 0	$ 875,733	$ 971,692	$ 2,338,448,983
1,512,541	2,758,145	2,092,651	43,408,028
139,183	98,615	0	84,198,936
8,838,427	6,808,013	1,447,171	765,179,348
20,389,630	7,677,960	1,954,654	176,442,646
30,879,781	18,218,466	6,466,168	3,407,677,941
0	0	0	115,638,368
0	0	0	986,234,130
0	0	0	0
0	0	0	1,350,100,186
236,873,481	0	0	236,873,481
0	56,270,954	0	56,270,954
0	0	14,109,727	14,109,727
0	0	0	0
236,873,481	56,270,954	14,109,727	2,759,226,846
(205,993,700)	(38,052,488)	(7,643,559)	648,451,095
16,630,313	838,619	286,204	1,268,867,439
(15,485,411)	(273,721)	(882,317)	(2,902,939,293)
204,657,335	38,957,533	9,219,235	1,442,569,720
205,802,237	39,522,431	8,623,122	(191,502,134)
(191,463)	1,469,943	979,563	456,948,961
11,850,536	2,337,085	2,993,773	143,268,694
0	0	0	(8,554)
$ 11,659,073	$ 3,807,028	$ 3,973,336	$ 600,209,101

STATE OF OKLAHOMA
COMBINING BALANCE SHEET (BY FUNCTION)
SPECIAL REVENUE FUND
JUNE 30, 1988

	GENERAL GOVERNMENT	EDUCATION	TRANSPORTATION
ASSETS			
Cash and deposits with Treasury	$ 25,300,927	$ 1,019,788	$ 72,864,281
Cash and temporary investments, restricted	0	0	0
Accrued interest receivable	0	0	0
Investments	0	0	0
Investments at fair market value	0	0	0
Accounts receivable	0	0	19,760,592
Due from other funds	1,128,963	0	0
Due from federal government	0	0	90,041,947
Due from other state agencies	0	0	20,718,296
Notes receivable	0	0	0
Inventories	0	0	9,044,935
Prepaid expenses	0	0	39,491
Property, plant and equipment (net)	0	0	0
Restricted assets	0	0	0
Other assets and deferred charges	0	0	0
Amount to be provided for retirement of long term debt	0	0	0
TOTAL ASSETS	$ 26,429,890	$ 1,019,788	$ 212,469,542
LIABILITIES AND FUND BALANCE			
Liabilities:			
Warrants payable	$ 0	$ 0	$ 0
Accounts payable and accrued liabilities	1,630,622	606,445	12,151,323
Notes payable	0	0	0
Due to other funds	0	0	0
Funds held in custody for others	0	0	0
Premium deposit and unearned premium	0	0	0
Other liabilities	0	0	1,711,064
Deferred revenues and deposits	0	0	6,112,572
Refundable motor fuel tax	0	0	0
General obligation bonds payable	0	0	0
Revenue bonds payable	0	0	0
Total liabilities	1,630,622	606,445	19,974,959

HEALTH AND SOCIAL SERVICES	LAW, JUSTICE AND PUBLIC SAFETY	RECREATION AND NATURAL RESOURCES	REGULATORY SERVICES	TOTAL
$ 1,170,663	$ 3,822,500	$ 3,791,837	$ 8,845,407	$ 116,815,403
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	19,760,592
0	0	0	0	1,128,963
0	0	0	0	90,041,947
0	0	0	0	20,718,296
0	0	0	0	0
0	0	0	0	9,044,935
0	0	0	0	39,491
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
$ 1,170,663	$ 3,822,500	$ 3,791,837	$ 8,845,407	$ 257,549,627

$ 0	$ 0	$ 0	$ 0	$ 0
0	893,141	456,335	617,927	16,355,793
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	1,711,064
0	0	0	0	6,112,572
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	893,141	456,335	617,927	24,179,429

STATE OF OKLAHOMA
COMBINING BALANCE SHEET (BY FUNCTION)
SPECIAL REVENUE FUND
JUNE 30, 1988

	GENERAL GOVERNMENT	EDUCATION	TRANSPORTATION
Fund Balance:			
Reserved:			
Encumbrances and contracts	$ 1,940,005	$ 0	$ 217,844,279
Less amount reimbursable by federal government	0	0	(126,278,589)
Inventories	0	0	9,044,935
Net assets available for benefits	0	0	0
Permanent trust	0	0	0
Unemployment benefits	0	0	0
Other	0	0	0
Unreserved:			
Designated	0	0	0
Designated for debt service	18,338,160	0	0
Undesignated	4,521,103	413,343	91,883,958
Total fund balance	24,799,268	413,343	192,494,583
TOTAL LIABILITIES AND FUND BALANCE	$ 26,429,890	$ 1,019,788	$ 212,469,542

HEALTH AND SOCIAL SERVICES	LAW, JUSTICE AND PUBLIC SAFETY	RECREATION AND NATURAL RESOURCES	REGULATORY SERVICES	TOTAL
$ 0	$ 2,016,685	$ 383,370	$ 6,670,701	$ 228,855,040
0	0	0	0	(126,278,589)
0	0	0	0	9,044,935
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	18,338,160
1,170,663	912,674	2,521,132	1,556,779	103,410,652
1,170,663	2,929,359	3,335,502	8,227,480	233,370,198
$ 1,170,663	$ 3,822,500	$ 3,791,837	$ 8,845,407	$ 257,549,627

STATE OF OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (BY FUNCTION)
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 1988

	GENERAL GOVERNMENT	EDUCATION	TRANSPORTATION
REVENUES:			
Taxes	$ 9,252,830	$ 0	$ 237,936,784
Licenses, fees and permits	275,207	248,000	0
Income from money and property	0	17,000	0
Federal funds	69,143,536	0	227,725,613
Other	12,979,486	211,342	31,252,464
TOTAL REVENUES	91,651,059	476,342	496,914,861
EXPENDITURES:			
General government	79,015,384	0	0
Education	0	206,213	0
Transportation	0	0	462,607,509
Health and social services	0	0	0
Law, justice and public safety	0	0	0
Recreation and natural resources	0	0	0
Regulatory services	0	0	0
Principal retirement	0	0	0
TOTAL EXPENDITURES	79,015,384	206,213	462,607,509
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	12,635,675	270,129	34,307,352
OTHER FINANCING SOURCES (USES):			
Transfers in	647,543	35	359,856
Transfers out	(8,987,154)	(626,035)	(34,450)
State appropriations	0	0	9,315,309
TOTAL OTHER FINANCING SOURCES (USES)	(8,339,611)	(626,000)	9,640,715
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	4,296,064	(355,871)	43,948,067
FUND BALANCE, JULY 1, 1987	20,503,204	769,214	148,546,516
FUND BALANCE, JUNE 30, 1988	$ 24,799,268	$ 413,343	$ 192,494,583

HEALTH AND SOCIAL SERVICES	LAW, JUSTICE AND PUBLIC SAFETY	RECREATION AND NATURAL RESOURCES	REGULATORY SERVICES	TOTAL
$ 0	$ 3,868,476	$ 102,335	$ 4,579,665	$ 255,740,090
0	389,719	11,397,698	13,510,043	25,820,667
0	0	326,554	274,031	617,585
35,743,421	10,073,498	6,026,438	769,247	349,481,753
1,313,182	388,687	1,109,245	1,330,590	48,584,996
37,056,603	14,720,380	18,962,270	20,463,576	680,245,091
0	0	0	0	79,015,384
0	0	0	0	206,213
0	0	0	0	462,607,509
33,232,065	0	0	0	33,232,065
0	14,150,326	0	0	14,150,326
0	0	20,696,127	0	20,696,127
0	0	0	24,096,526	24,096,526
0	0	0	0	0
33,232,065	14,150,326	20,696,127	24,096,526	634,004,150
3,824,538	570,054	(1,733,857)	(3,632,950)	46,240,941
2,424	3,007,883	16,650	3,175	4,037,566
(3,113,119)	(2,921,342)	(16,650)	(14,411,203)	(30,109,953)
0	411,789	0	4,533,645	14,260,743
(3,110,695)	498,330	0	(9,874,383)	(11,811,644)
713,843	1,068,384	(1,733,857)	(13,507,333)	34,429,297
456,820	1,860,975	5,069,359	21,734,813	198,940,901
$ 1,170,663	$ 2,929,359	$ 3,335,502	$ 8,227,480	$ 233,370,198

STATE OF OKLAHOMA
BALANCE SHEET
DEBT SERVICE FUND
JUNE 30, 1988

ASSETS	
Cash	$ 8,957,721
TOTAL ASSETS	8,957,721
FUND EQUITY	
Fund balance - unreserved Designated for debt service	8,957,721
TOTAL FUND EQUITY	$ 8,957,721

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STATE OF OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 1988

REVENUES:	
Taxes	$ 11,897,886
Interest on money and property	442,620
TOTAL REVENUES	12,340,506
EXPENDITURES:	
Principal retirement	12,557,084
TOTAL EXPENDITURES	12,557,084
EXCESS OF REVENUES OVER EXPENDITURES	(216,578)
OTHER FINANCING SOURCES (USES):	
Transfers in	0
Transfers out	0
TOTAL OTHER FINANCING SOURCES (USES)	0
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(216,578)
FUND BALANCE, JULY 1, 1987	9,174,299
FUND BALANCE, JUNE 30, 1988	$ 8,957,721

STATE OF OKLAHOMA
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
JUNE 30, 1988

	GRAND RIVER DAM AUTHORITY	OKLAHOMA TURNPIKE AUTHORITY	OKLAHOMA STUDENT LOAN AUTHORITY	OKLAHOMA DEPARTMENT OF TOURISM - FIVE ORIGINAL LODGES
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 0	$ 1,762,581	$ 34,659,979	$ 949,071
Cash and investments, restricted	196,654,141	0	0	0
Investments	0	68,275,430	0	0
Accounts receivable	31,867,862	499,877	0	393,806
Notes receivable due within one year	0	0	0	0
Due from other funds	0	24,486,925	0	0
Inventories	25,788,377	0	0	122,533
Prepaid expenses	427,473	87,198	0	28,323
Other assets	0	382,933	0	0
Total current assets	254,737,853	95,494,944	34,659,979	1,493,733
Non-Current Assets:				
Long-term notes receivable, net, restricted	0	0	71,364,171	0
Long-term investments	0	0	0	0
Long-term investments, restricted	0	0	0	0
Property, plant and equipment, net	673,194,150	328,941,455	0	10,122,469
Restricted assets	219,921,961	0	0	0
Other assets	180,531,083	0	0	0
Total non-current assets	1,073,647,194	328,941,455	71,364,171	10,122,469
TOTAL ASSETS	$ 1,328,385,047	$ 424,436,399	$ 106,024,150	$ 11,616,202

OKLAHOMA INDUSTRIAL FINANCE AUTHORITY	STATE INSURANCE FUND	OKLAHOMA MEDICAL CENTER	SPECIAL INDEMNITY FUND	WATER RESOURCES BOARD - BOND SERIES 1985	WATER RESOURCES BOARD - BOND SERIES 1986A	OKLAHOMA MUNICIPAL POWER AUTHORITY	TOTAL
$ 2,109,300	$ 982,601	$ 18,913,245	$ 296,570	$ 0	$ 0	$ 11,472,494	$ 71,145,841
0	0	6,787,020	0	0	0	36,667,784	240,108,945
3,591,909	298,356,773	0	0	928,423	1,732,332	0	372,884,867
0	16,713,821	42,215,296	584,345	0	0	5,423,551	97,698,558
1,622,524	0	0	0	40,668	141,850	0	1,805,042
0	30,978	932,696	0	0	0	0	25,450,599
0	0	4,451,264	0	0	0	3,051,001	33,413,175
0	0	0	0	0	8,692	41,806	593,492
503,541	1,210,079	0	0	2,451,175	1,386,558	0	5,934,286
7,827,274	317,294,252	73,299,521	880,915	3,420,266	3,269,432	56,656,636	849,034,805
24,839,942	0	0	0	0	0	0	96,204,113
0	0	0	0	45,346,185	33,780,902	0	79,127,087
0	0	0	0	7,500,000	6,247,500	0	13,747,500
36,845	2,609,126	131,999,693	0	0	0	127,289,709	1,274,193,447
10,549,335	0	87,189	0	0	0	63,450,178	294,008,663
0	0	348,752	0	3,862,072	7,958,061	38,763,830	231,463,798
35,426,122	2,609,126	132,435,634	0	56,708,257	47,986,463	229,503,717	1,988,744,608
$ 43,253,396	$ 319,903,378	$ 205,735,155	$ 880,915	$ 60,128,523	$ 51,255,895	$ 286,160,353	$ 2,837,779,413

STATE OF OKLAHOMA
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
JUNE 30, 1988

	GRAND RIVER DAM AUTHORITY	OKLAHOMA TURNPIKE AUTHORITY	OKLAHOMA STUDENT LOAN AUTHORITY	OKLAHOMA DEPARTMENT OF TOURISM - FIVE ORIGINAL LODGES
LIABILITIES AND FUND EQUITY				
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	$ 28,217,980	$ 6,117,725	$ 0	$ 334,802
Notes payable	0	0	520,000	0
Unpaid losses and loss expenses	0	0	0	0
Due to Motor Fuel Tax Trust Fund	0	24,486,925	0	0
Revenue bonds payable	135,833,333	0	0	0
General obligation bonds payable	0	0	0	0
Premium deposits and unearned premiums	0	0	0	0
Other liabilities	171,302	0	690,549	253,515
Total current liabilities	164,222,615	30,604,650	1,210,549	588,317
Non-current liabilities:				
Amounts payable from construction fund	2,699,797	0	0	0
Notes payable	0	0	49,931,696	0
Refundable motor fuels tax	0	53,416,469	0	0
General obligation bonds payable	0	0	0	0
Revenue bonds payable	1,102,413,320	166,915,000	37,600,000	0
Other liabilities	2,841,105	0	0	0
Total non-current liabilities	1,107,954,222	220,331,469	87,531,696	0
Total liabilities	1,272,176,837	250,936,119	88,742,245	588,317
Net Unrealized loss on securities 0	0	0	0	
Fund Equity:				
Contributed capital	0	0	0	5,082,712
Retained earnings:				
Reserved	0	0	17,281,905	0
Unreserved	56,208,210	173,500,280	0	5,945,173
Total fund equity	56,208,210	173,500,280	17,281,905	11,027,885
TOTAL LIABILITIES AND FUND EQUITY	$ 1,328,385,047	$ 424,436,399	$ 106,024,150	$ 11,616,202

OKLAHOMA INDUSTRIAL FINANCE AUTHORITY	STATE INSURANCE FUND	OKLAHOMA MEDICAL CENTER	SPECIAL INDEMNITY FUND	WATER RESOURCES BOARD - BOND SERIES 1985	WATER RESOURCES BOARD - BOND SERIES 1986A	OKLAHOMA MUNICIPAL POWER AUTHORITY	TOTAL
$ 0	$ 2,253,279	$ 6,646,049	$ 199,016	$ 2,161,500	$ 1,080,297	$ 13,605,546	$ 60,616,194
0	0	0	0	0	0	0	520,000
0	248,915,507	0	0	0	0	0	248,915,507
0	0	0	0	0	0	0	24,486,925
0	0	0	0	0	0	0	135,833,333
85,000	0		0	0	0	0	85,000
0	18,693,898	0	0	0	0	0	18,693,898
500,637	0	11,910,044	14,503,537	610,000	0	0	28,639,584
585,637	269,862,684	18,556,093	14,702,553	2,771,500	1,080,297	13,605,546	517,790,441
0	0	0	0	0	0	388,593	3,088,390
0	0	0	0	0	0	0	49,931,696
0	0	0	0	0	0	0	53,416,469
34,745,000	0	0	0	0	0	0	34,745,000
0	0	0	0	48,365,000	41,180,604	258,729,254	1,655,203,178
198,876	0	3,635,237	0	0	0	9,700,000	16,375,218
34,943,876	0	3,635,237	0	48,365,000	41,180,604	268,817,847	1,812,759,951
35,529,513	269,862,684	22,191,330	14,702,553	51,136,500	42,260,901	282,423,393	2,330,550,392
0	(7,714,814)	0	0	0	0	0	(7,714,814)
0	0	0	0	0	0	0	5,082,712
1,157,071	21,950,000	217,728	0	7,500,000	7,267,207	3,736,960	59,110,871
6,566,812	35,805,508	183,326,097	(13,821,638)	1,492,023	1,727,787	0	450,750,252
7,723,883	50,040,694	183,543,825	(13,821,638)	8,992,023	8,994,994	3,736,960	507,229,021
$ 43,253,396	$ 319,903,378	$ 205,735,155	$ 880,915	$ 60,128,523	$ 51,255,895	$ 286,160,353	$ 2,837,779,413

STATE OF OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 1988

	GRAND RIVER DAM AUTHORITY	OKLAHOMA TURNPIKE AUTHORITY	OKLAHOMA STUDENT LOAN AUTHORITY	OKLAHOMA DEPARTMENT OF TOURISM - FIVE ORIGINAL LODGES
REVENUES:				
Charge for sales and services	$ 107,436,615	$ 46,505,867	$ 0	$ 6,355,188
Interest income	41,145,519	7,781,624	8,135,786	0
Sale of investments	0	136,560,478	0	0
Other income	1,065,694	454,160	385,044	0
TOTAL REVENUES	149,647,828	191,302,129	8,520,830	6,355,188
EXPENSES:				
Operations and maintenance of facilities	60,055,512	132,083,467	0	4,663,277
Unpaid losses and loss expense	0	0	0	0
Interest and debt expense	102,937,679	9,164,979	6,106,436	0
Administrative and general expense	6,592,612	42,354,800	1,167,245	1,243,573
Depreciation expense	23,210,607	0	0	1,985,727
Other expense	0	10,441,108	0	532,893
TOTAL EXPENSES	192,796,410	194,044,354	7,273,681	8,425,470
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(43,148,582)	(2,742,225)	1,247,149	(2,070,282)
OPERATING TRANSFERS IN (OUT)	0	0	0	1,332,768
COSTS TO BE RECOVERED FROM FUTURE REVENUES	25,101,058	0	0	0
NET INCOME (LOSS)	(18,047,524)	(2,742,225)	1,247,149	(737,514)
RETAINED EARNINGS, JULY 1, 1987	48,443,251	4,504,806	16,034,756	11,765,399
Prior Period Adjustment	25,812,483	0	0	0
RETAINED EARNINGS, JUNE 30, 1988	$ 56,208,210	$ 1,762,581	$ 17,281,905	$ 11,027,885

OKLAHOMA INDUSTRIAL FINANCE AUTHORITY	STATE INSURANCE FUND	OKLAHOMA MEDICAL CENTER	SPECIAL INDEMNITY FUND	WATER RESOURCES BOARD - BOND SERIES 1985	WATER RESOURCES BOARD - BOND SERIES 1986A	OKLAHOMA MUNICIPAL POWER AUTHORITY	TOTAL
$ 0	$ 88,808,629	$ 118,982,418	$ 0	$ 0	$ 0	$ 58,534,484	$ 426,623,201
2,885,306	22,281,295	0	0	5,141,680	3,153,319	2,083,090	92,607,619
0	(11,438)	0	0	0	0	0	136,549,040
241,553	82,646	1,671,347	7,760,367	0	0	0	11,660,811
3,126,859	111,161,132	120,653,765	7,760,367	5,141,680	3,153,319	60,617,574	667,440,671
0	0	125,724,783	0	0	0	52,378,904	374,905,943
0	100,477,908	0	0	0	0	0	100,477,908
1,754,856	0	0	0	4,335,071	2,024,815	4,937,454	131,261,290
315,998	9,413,811	11,106,278	385,687	0	0	1,692,101	74,272,105
4,570	353,343	10,016,364	0	0	0	4,167,532	39,738,143
17,956	1,426,800	0	13,846,778	49,453	317,998	0	26,632,986
2,093,380	111,671,862	146,847,425	14,232,465	4,384,524	2,342,813	63,175,991	747,288,375
1,033,479	(510,730)	(26,193,660)	(6,472,098)	757,156	810,506	(2,558,417)	(79,847,704)
0	0	28,858,445	0	(369,192)	0	0	29,822,021
0	0	0	0	0	0	4,131,283	29,232,341
1,033,479	(510,730)	2,664,785	(6,472,098)	387,964	810,506	1,572,866	(20,793,342)
6,400,013	59,390,143	180,879,040	(7,349,540)	8,604,059	8,184,488	2,164,094	339,020,509
290,392	(8,838,719)	0	0	0	0	0	17,264,156
$ 7,723,884	$ 50,040,694	$ 183,543,825	$(13,821,638)	$ 8,992,023	$ 8,994,994	$ 3,736,960	$ 335,491,323

STATE OF OKLAHOMA
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
JUNE 30, 1988

	CAPITOL IMPROVEMENT AUTHORITY	DEPARTMENT OF CORRECTIONS - OKLAHOMA STATE INDUSTRIES	OFFICE OF STATE FINANCE - CENTREX
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 1,842,265	$ 1,102,379	$ 970,283
Cash and temporary investments, restricted	7,723,574	0	1,742,966
Prepaid expenses	15,568	18,300	0
Accounts receivable	164,063	1,348,256	967,588
Inventory	0	4,209,741	0
Total current assets	9,745,470	6,678,676	3,680,837
Non-Current Assets:			
Property, plant and equipment, net	29,820,065	0	0
Total non-current assets	29,820,065	0	0
TOTAL ASSETS	$ 39,565,535	$ 6,678,676	$ 3,680,837
LIABILITIES AND FUND EQUITY			
Liabilities:			
Current Liabilities:			
Accounts payable and accrued liabilities	$ 769,033	$ 404,882	$ 515,891
Long-term debt due within one year	1,090,527	0	0
Total current liabilities	1,859,560	404,882	515,891
Non-Current Liabilities:			
Long-term debt due after one year	27,817,713	0	0
Total liabilities	29,677,273	404,882	515,891
Fund Equity:			
Retained earnings:			
Reserved for bond service	7,723,574	0	0
Reserved for other purposes	0	0	1,742,966
Unreserved	2,164,688	6,273,794	1,421,980
Total fund equity	9,888,262	6,273,794	3,164,946
TOTAL LIABILITIES AND FUND EQUITY	$ 39,565,535	$ 6,678,676	$ 3,680,837

OFFICE OF PUBLIC AFFAIRS	TOTAL
$ 3,362,696	$ 7,277,623
0	9,466,540
0	33,868
569,096	3,049,003
4,649,495	8,859,236
8,581,287	28,686,270
302,714	30,122,779
302,714	30,122,779
$ 8,884,001	$ 58,809,049
$ 261,572	$ 1,951,378
0	1,090,527
261,572	3,041,905
0	27,817,713
261,572	30,859,618
0	7,723,574
0	1,742,966
8,622,429	18,482,891
8,622,429	27,949,431
$ 8,884,001	$ 58,809,049

STATE OF OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 1988

	CAPITOL IMPROVEMENT AUTHORITY	DEPARTMENT OF CORRECTIONS - OKLAHOMA STATE INDUSTRIES	OFFICE OF STATE FINANCE - CENTREX
REVENUES:			
Charge for sales and services	$ 11,084	$ 9,351,898	$ 4,497,036
Licenses, Fees, & Permits	0	0	0
Rental Income	6,534,325	0	0
Interest Income	3,084	0	0
Other income	13,620	0	0
TOTAL REVENUES	6,562,113	9,351,898	4,497,036
EXPENSES:			
Operation and maintenance of facilities	5,579,745	2,046,141	3,875,333
Administrative and general expenses	58,048	1,692,634	155,635
Depreciation	710,430	0	0
Other expenses	70,615	4,839,045	672,110
TOTAL EXPENSES	6,418,838	8,577,820	4,703,078
INCOME (LOSS) BEFORE TRANSFERS	143,275	774,078	(206,042)
OPERATING TRANSFERS IN (OUT)	1,068,651	0	1,166,666
NET INCOME (LOSS)	1,211,926	774,078	960,624
RETAINED EARNINGS, JULY 1, 1987	8,676,336	5,499,716	2,204,322
RETAINED EARNINGS, JUNE 30, 1988	$ 9,888,262	$ 6,273,794	$ 3,164,946

OFFICE OF PUBLIC AFFAIRS	TOTAL
$ 5,659,622	$ 19,519,640
82,270	82,270
2,756,810	9,291,135
0	3,084
524,103	537,723
9,022,805	29,433,852
3,118,163	14,619,382
3,915,424	5,821,741
0	710,430
750,087	6,331,857
7,783,674	27,483,410
1,239,131	1,950,442
0	2,235,317
1,239,131	4,185,759
7,383,298	23,763,672
$ 8,622,429	$ 27,949,431

STATE OF OKLAHOMA
COMBINING BALANCE SHEET - ALL FIDUCIARY FUND TYPES
JUNE 30, 1988

	PENSION FUNDS	NON-EXPENDABLE TRUST FUND	EXPENDABLE TRUST FUNDS
A S S E T S			
Cash and cash equivalents	$ 55,610,302	$ 20,398,000	$ 8,755,216
Cash on deposit with U.S. Treasury	0	0	165,017,846
Investments, at amortized cost	3,079,550,134	358,141,000	0
Investments, at fair market value	787,734,107	0	96,849,843
Accrued interest receivable	58,405,540	15,290,000	0
Other receivables	33,313,779	153,690,000	5,499,618
Deposits with claim administrators	0	0	1,750,000
Due from other funds	10,891,310	0	0
Inventories	0	0	0
Property, plant and equipment, net	760,639	0	0
Other assets	469,084	3,249,000	0
TOTAL ASSETS	$ 4,026,734,895	$ 550,768,000	$ 277,872,523
L I A B I L I T I E S A N D F U N D B A L A N C E			
Liabilities:			
Accounts payable and accrued liabilities	$ 0	$ 0	$ 45,477,581
Warrants payable	0	0	2,127,746
Funds held in custody for others	0	0	0
Deferred revenues	0	3,051,000	3,382,420
Other liabilities	90,713,627	0	0
Total liabilities	90,713,627	3,051,000	50,987,747
Fund Balance:			
Reserved for:			
Unemployment benefits	0	0	165,254,294
Permanent trust	0	531,005,000	0
Net assets available for benefits	3,936,021,268	0	0
Unreserved and undesignated	0	16,712,000	61,630,482
Total fund balance	3,936,021,268	547,717,000	226,884,776
TOTAL FUND LIABILITIES AND FUND BALANCE	$ 4,026,734,895	$ 550,768,000	$ 277,872,523

AGENCY FUNDS	TOTAL
$ 499,836,488	$ 584,600,006
0	165,017,846
0	3,437,691,134
0	884,583,950
0	73,695,540
0	192,503,397
0	1,750,000
0	10,891,310
37,700,633	37,700,633
0	760,639
0	3,718,084
$ 537,537,121	$ 5,392,912,539
$ 0	$ 45,477,581
0	2,127,746
537,537,121	537,537,121
0	6,433,420
0	90,713,627
537,537,121	682,289,495
0	165,254,294
0	531,005,000
0	3,936,021,268
0	78,342,482
0	4,710,623,044
$ 537,537,121	$ 5,392,912,539

STATE OF OKLAHOMA
COMBINING STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
PENSION TRUST FUNDS
JUNE 30, 1988

NET ASSETS AVAILABLE FOR BENEFITS	TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA	OKLAHOMA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	OKLAHOMA FIREFIGHTERS' PENSION AND RETIREMENT SYSTEM
Assets:			
Cash	$ 56,284,378	$ 289,766	$ (2,395,664)
Investments, at fair market value	0	0	347,223,590
Investments, at cost	1,774,683,698	1,270,771,660	0
Dividends and interest receivable	30,078,841	18,137,808	5,284,688
Contributions receivable	0	5,619,401	703,614
Due from brokers	0	14,947,736	9,491,475
Due from other funds	10,440,327	0	0
Other assets	0	469,084	0
Plant, property, and equipment	738,390	0	22,249
Total assets	1,872,225,634	1,310,235,455	360,329,952
Liabilities:			
Due to brokers	54,751,536	2,034,558	8,810,854
Benefits in the process of payment	19,868,650	0	2,863
Other liabilities	0	0	276,068
Total liabilities	74,620,186	2,034,558	9,089,785
NET ASSETS AVAILABLE FOR BENEFITS	$ 1,797,605,448	$ 1,308,200,897	$ 351,240,167

OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM	OKLAHOMA LAW ENFORCEMENT RETIREMENT SYSTEM	JUSTICES' AND JUDGES RETIREMENT SYSTEM	TOTAL
$ 426,000	$ 932,046	$ 73,776	$ 55,610,302
318,024,000	122,486,517	0	787,734,107
0	0	34,094,776	3,079,550,134
3,148,000	1,184,058	572,145	58,405,540
557,000	371,184	1,280,471	8,531,670
0	0	342,898	24,782,109
0	450,983	0	10,891,310
0	0	0	469,084
0	0	0	760,639
322,155,000	125,424,788	36,364,066	4,026,734,895
2,706,000	1,055,394	275,704	69,634,046
0	932,000	0	20,803,513
0	0	0	276,068
2,706,000	1,987,394	275,704	90,713,627
$ 319,449,000	$ 123,437,394	$ 36,088,362	$ 3,936,021,268

STATE OF OKLAHOMA
COMBINING STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS - PENSION TRUST FUNDS
JUNE 30, 1988

	TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA	OKLAHOMA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	OKLAHOMA FIREFIGHTERS' PENSION AND RETIREMENT SYSTEM
ADDITIONS:			
Investment income	$ 126,286,360	$ 86,078,188	$ 8,476,933
Contributions	216,979,591	69,972,462	36,811,030
Sale of investments	4,567,900	33,038,827	0
Other income	0	0	18,905
TOTAL ADDITIONS	347,833,851	189,089,477	45,306,868
DEDUCTIONS:			
Benefit payments	230,144,148	83,869,717	31,952,928
Refunds	15,865,723	2,856,473	301,635
Administrative expense	3,388,857	797,820	386,079
Other expenses	3,300,000	0	0
TOTAL DEDUCTIONS	252,698,728	87,524,010	32,640,642
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	95,135,123	101,565,467	12,666,226
NET ASSETS AVAILABLE FOR PLAN BENEFITS, JULY 1, 1987	1,702,470,325	1,206,635,430	338,573,941
NET ASSETS AVAILABLE FOR PLAN BENEFITS, JUNE 30, 1988	$ 1,797,605,448	$ 1,308,200,897	$ 351,240,167

OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM	OKLAHOMA LAW ENFORCEMENT RETIREMENT SYSTEM	JUSTICES' AND JUDGES RETIREMENT SYSTEM	TOTAL
$ 1,288,000	$ 3,846,272	$ 2,213,006	$ 228,188,759
24,360,000	4,587,171	4,961,981	357,672,235
0	0	808,582	38,415,309
0	6,155,408	0	6,174,313
25,648,000	14,588,851	7,983,569	630,450,616
15,365,000	7,715,605	1,983,966	371,031,364
904,000	143,683	73,224	20,144,738
1,165,000	86,608	51,778	5,876,142
0	0	0	3,300,000
17,434,000	7,945,896	2,108,968	400,352,244
8,214,000	6,642,955	5,874,601	230,098,372
311,235,000	116,794,439	30,213,761	3,705,922,896
$ 319,449,000	$ 123,437,394	$ 36,088,362	$ 3,936,021,268

STATE OF OKLAHOMA
BALANCE SHEET - NONEXPENDABLE TRUST FUND
JUNE 30, 1988

	COMMISSIONERS OF THE LAND OFFICE
ASSETS	
Cash	$ 20,398,000
Investments	358,141,000
Other receivables	153,690,000
Accrued interest receivable	15,290,000
Land and repossessed property	3,249,000
TOTAL ASSETS	$ 550,768,000
LIABILITIES AND RETAINED EARNINGS	
Liabilities:	
Deferred revenue	$ 3,051,000
Total liabilities	3,051,000
Retained earnings:	
Reserved for permanent trust	531,005,000
Unreserved	16,712,000
Total retained earnings	547,717,000
TOTAL LIABILITIES AND RETAINED EARNINGS	$ 550,768,000

STATE OF OKLAHOMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 1988

	COMMISSIONERS OF THE LAND OFFICE
REVENUES:	
Interest and investment income	$ 68,241,000
Sale of investments	792,000
Rental income	7,299,000
Other revenues	11,000
TOTAL REVENUES	76,343,000
EXPENSES:	
Benefit payments	51,582,000
TOTAL EXPENSES	51,582,000
INCOME (LOSS) BEFORE OPERATING TRANSFERS	24,761,000
OPERATING TRANSFERS IN (OUT)	(3,119,000)
NET INCOME (LOSS)	21,642,000
RETAINED EARNINGS, JULY 1, 1987	526,075,000
RETAINED EARNINGS, JUNE 30, 1988	$ 547,717,000

STATE OF OKLAHOMA
COMBINING BALANCE SHEET - EXPENDABLE TRUST FUNDS
JUNE 30, 1988

	OKLAHOMA EMPLOYMENT SECURITY COMMISSION	OKLAHOMA EMPLOYEES' GROUP INSURANCE BOARD	COMMISSIONERS OF THE LAND OFFICE	TOTAL
ASSETS				
Cash	$ 2,364,194	$ 376,022	$ 6,015,000	$ 8,755,216
Cash on deposit with U.S. Treasury	165,017,846	0	0	165,017,846
Investments	0	96,849,843	0	96,849,843
Other receivables	0	5,499,618	0	5,499,618
Deposits with claim administrators	0	1,750,000	0	1,750,000
TOTAL ASSETS	$ 167,382,040	$ 104,475,483	$ 6,015,000	$ 277,872,523
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable and accrued liabilities	$ 0	$ 44,906,581	$ 571,000	$ 45,477,581
Warrants payable	2,127,746	0	0	2,127,746
Deferred revenue	0	3,382,420	0	3,382,420
Total liabilities	2,127,746	48,289,001	571,000	50,987,747
Fund balance:				
Reserved for:				
Unemployment benefits	165,254,294	0	0	165,254,294
Unreserved:				
Undesignated	0	56,186,482	5,444,000	61,630,482
Total fund balance	165,254,294	56,186,482	5,444,000	226,884,776
TOTAL LIABILITIES AND FUND BALANCE	$ 167,382,040	$ 104,475,483	$ 6,015,000	$ 277,872,523

STATE OF OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1988

	OKLAHOMA EMPLOYMENT SECURITY COMMISSION	OKLAHOMA EMPLOYEES' GROUP INSURANCE BOARD	COMMISSIONERS OF THE LAND OFFICE	TOTAL
REVENUES:				
Taxes	$ 189,874,000	$ 0	$ 0	$ 189,874,000
Federal government	3,756,724	0	0	3,756,724
Income from money and property	10,130,452	6,128,395	153,000	16,411,847
Insurance premiums	0	63,506,883	0	63,506,883
TOTAL REVENUES	203,761,176	69,635,278	153,000	273,549,454
EXPENDITURES:				
General government	0	76,770,081	0	76,770,081
Education	0	0	3,952,000	3,952,000
Health and social services	130,141,973	0	0	130,141,973
TOTAL EXPENDITURES	130,141,973	76,770,081	3,952,000	210,864,054
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	73,619,203	(7,134,803)	(3,799,000)	62,685,400
OTHER FINANCING SOURCES (USES):				
Transfers in (including appropriations)	3,111,830	0	3,745,000	6,856,830
Transfers out	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	3,111,830	0	3,745,000	6,856,830
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	76,731,033	(7,134,803)	(54,000)	69,542,230
FUND BALANCE, JULY 1, 1987	88,523,261	63,321,285	5,498,000	157,342,546
FUND BALANCE, JUNE 30, 1988	$ 165,254,294	$ 56,186,482	$ 5,444,000	$ 226,884,776

STATE OF OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1988

	OKLAHOMA EMPLOYMENT SECURITY COMMISSION	OKLAHOMA EMPLOYEES' GROUP INSURANCE BOARD	COMMISSIONERS OF THE LAND OFFICE	TOTAL
REVENUES:				
Taxes	$ 189,874,000	$ 0	$ 0	$ 189,874,000
Federal government	3,756,724	0	0	3,756,724
Income from money and property	10,130,452	6,128,395	153,000	16,411,847
Insurance premiums	0	63,506,883	0	63,506,883
TOTAL REVENUES	203,761,176	69,635,278	153,000	273,549,454
EXPENDITURES:				
General government	0	76,770,081	0	76,770,081
Education	0	0	3,952,000	3,952,000
Health and social services	130,141,973	0	0	130,141,973
TOTAL EXPENDITURES	130,141,973	76,770,081	3,952,000	210,864,054
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	73,619,203	(7,134,803)	(3,799,000)	62,685,400
OTHER FINANCING SOURCES (USES):				
Transfers in (including appropriations)	3,111,830	0	3,745,000	6,856,830
Transfers out	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	3,111,830	0	3,745,000	6,856,830
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	76,731,033	(7,134,803)	(54,000)	69,542,230
FUND BALANCE, JULY 1, 1987	88,523,261	63,321,285	5,498,000	157,342,546
FUND BALANCE, JUNE 30, 1988	$ 165,254,294	$ 56,186,482	$ 5,444,000	$ 226,884,776

STATE OF OKLAHOMA
COMBINING BALANCE SHEET - AGENCY FUNDS
JUNE 30, 1988

	DEFERRED COMPENSATION	INSURANCE COMMISSION	STATE TREASURER	TAX COMMISSION
ASSETS				
Cash & Investments	$ 58,812,066	$ 47,297,679	$ 18,772,889	$ 367,338,378
Inventories	0	0	0	0
TOTAL ASSETS	$ 58,812,066	$ 47,297,679	$ 18,772,889	$ 367,338,378
LIABILITIES				
Due to others	$ 58,812,066	$ 47,297,679	$ 18,772,889	$ 367,338,378
TOTAL LIABILITIES	$ 58,812,066	$ 47,297,679	$ 18,772,889	$ 367,338,378

DEPARTMENT OF HUMAN SERVICES	DEPARTMENT OF EDUCATION	DEPARTMENT OF CORRECTIONS	TOTAL
$ 7,534,489	$ 58,106	$ 22,881	$ 499,836,488
37,700,633	0	0	37,700,633
$ 45,235,122	$ 58,106	$ 22,881	$ 537,537,121
$ 45,235,122	$ 58,106	$ 22,881	$ 537,537,121
$ 45,235,122	$ 58,106	$ 22,881	$ 537,537,121

STATE OF OKLAHOMA
COMBINING BALANCE SHEET - HIGHER EDUCATION FUND TYPE
CURRENT FUNDS - UNRESTRICTED
JUNE 30, 1988

	MAJOR UNIVERSITIES	OTHER UNIVERSITIES	OTHER COLLEGES	TOTAL
ASSETS				
Cash	$ 51,015,182	$ 26,890,042	$ 35,005,327	$ 112,910,551
Certificates of deposit	34,046,818	0	330,000	34,376,818
Investments, at cost	4,014,044	3,752,880	1,777,967	9,544,891
Deposits	978,000	0	0	978,000
Accounts receivable	25,411,246	2,020,704	788,394	28,220,344
Accrued interest receivable	92,247	130,725	23,425	246,397
Inventories	11,302,170	3,864,292	2,072,555	17,239,017
Prepaid expenses	191,196	281,028	82,318	554,542
Due from agency funds	2,664	0	26,445	29,109
Due from current restricted funds	5,515,333	0	574,792	6,090,125
Due from plant funds	524,917	0	68,701	593,618
Due from other funds	0	353,142	144,804	497,946
Insurance proceeds receivable	0	0	66,805	66,805
Retirement annuity	0	0	403,362	403,362
Other assets	0	28,810	2,056,213	2,085,023
TOTAL ASSETS	$ 133,093,817	$ 37,321,623	$ 43,421,108	$ 213,836,548
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable and accrued expenses	$ 14,770,381	$ 2,460,566	$ 4,207,810	$ 21,438,757
Leases payable	0	11,672	0	11,672
Lease-purchase contracts payable	1,280,405	0	0	1,280,405
Accrued vacation	12,702,930	778,900	582,708	14,064,538
Deferred revenue	11,913,072	2,001,275	58,422	13,972,769
Student deposits	1,311,703	216,181	152,384	1,680,268
Refundable deposits	0	0	0	0
Due to current unrestricted fund	0	0	10,645	10,645
Due to plant fund	17,934	0	163,255	181,189
Due to U.S. government	0	0	10,645	10,645
Due to other funds	0	402,325	61,200	463,525
Supplemental retirement obligation	0	0	403,362	403,362
Other liabilities	0	386,805	1,772,155	2,158,960
Total liabilities	41,996,425	6,257,724	7,422,586	55,676,735
Fund Balance:				
Reserved:				
Reserved for encumbrances	0	0	217,382	217,382
Unreserved:				
Undesignated	91,097,392	31,063,899	35,781,140	157,942,431
Total fund balance	91,097,392	31,063,899	35,998,522	158,159,813
TOTAL LIABILITIES AND FUND BALANCE	$ 133,093,817	$ 37,321,623	$ 43,421,108	$ 213,836,548

STATE OF OKLAHOMA
COMBINING STATEMENT OF CHANGES IN FUND BALANCE - HIGHER EDUCATION FUND TYPE
CURRENT FUNDS - UNRESTRICTED
FOR THE YEAR ENDED JUNE 30, 1988

	MAJOR UNIVERSITIES	OTHER UNIVERSITIES	OTHER COLLEGES	TOTAL
REVENUES AND OTHER ADDITIONS:				
Tuition and fees	$ 54,663,156	$ 27,671,910	$ 15,789,269	$ 98,124,335
Federal appropriations	9,112,245	0	0	9,112,245
State appropriations	209,527,455	81,953,329	70,655,867	362,136,651
Local appropriations	0	0	8,201,490	8,201,490
Federal grants and contracts	6,852,073	0	131,737	6,983,810
State and local grants and contracts	2,110,170	0	0	2,110,170
Private gifts, grants and contracts	1,168,753	2,200	244,580	1,415,533
Sales and services of educational activities	2,719,699	178,978	353,802	3,252,479
Sales and service of professional practice plans	48,106,292	0	0	48,106,292
Other sales, reimbursements, etc.	12,183,377	296,077	562,730	13,042,184
Auxiliary enterprises	102,507,978	33,275,035	20,734,809	156,517,822
Organized activities	0	0	0	0
Farm product sales	0	0	0	0
Tax revenue	0	0	1,970,248	1,970,248
Investment and interest income	0	0	74,614	74,614
Other sources	1,200,575	97,384	1,523,562	2,821,521
TOTAL REVENUES AND OTHER ADDITIONS	450,151,773	143,474,913	120,242,708	713,869,394
EXPENDITURES AND OTHER DEDUCTIONS:				
Education and general	298,349,586	111,712,054	99,330,120	509,391,760
Auxiliary enterprises and student activities	91,259,045	31,872,254	19,112,957	142,244,256
Professional practice plans and clinics	41,718,254	0	0	41,718,254
Expended for plant facilities	0	318,784	1,256,150	1,574,934
Other	0	0	0	0
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	431,326,885	143,903,092	119,699,227	694,929,204
EXCESS OF REVENUES AND ADDITIONS OVER (UNDER) EXPENDITURES AND DEDUCTIONS	18,824,888	(428,179)	543,481	18,940,190
TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS):				
MANDATORY:				
Interfund transfers	0	(838,859)	(143,881)	(982,740)
Principal and interest	(5,125,252)	(651,209)	(492,871)	(6,269,332)
Transfer to retirement of indebtedness	(108,000)	0	(46,802)	(154,802)
NONMANDATORY:				
Interfund transfers	119,070	(76,500)	828,749	871,319
Student aid	0	0	0	0
Matching funds for energy grant	0	0	0	0
Retirement of obligation - capital leases	(1,859,727)	0	0	(1,859,727)
Transfer to retirement of indebtedness	(3,999,000)	0	0	(3,999,000)
Transfer to plant fund - unexpended	(1,102,000)	0	0	(1,102,000)
Transfer from retirement of indebtedness	0	0	73,666	73,666
TOTAL TRANSFERS AMONG FUNDS	(12,074,909)	(1,566,568)	218,861	(13,422,616)
NET INCREASE (DECREASE) FOR THE YEAR	6,749,979	(1,994,747)	762,342	5,517,574
FUND BALANCE, JULY 1, 1987	84,347,413	33,159,159	35,236,180	152,742,752
Prior period adjustment - inventory	0	(100,513)	0	(100,513)
FUND BALANCE, JUNE 30, 1988	$ 91,097,392	$ 31,063,899	$ 35,998,522	$ 158,159,813

STATE OF OKLAHOMA
COMBINING BALANCE SHEET - HIGHER EDUCATION FUND TYPE
CURRENT FUNDS - RESTRICTED
JUNE 30, 1988

	MAJOR UNIVERSITIES	OTHER UNIVERSITIES	OTHER COLLEGES	TOTAL
ASSETS				
Cash	$ 2,887,261	$ 1,526,682	$ 1,227,866	$ 5,641,809
Certificates of deposit	119,639	300,000	0	419,639
Investments, at cost	228,900	170,920	9,000	408,820
Accounts receivable	12,271,976	397,074	331,072	13,000,122
Accrued interest receivable	0	7,589	0	7,589
Inventories	2,200	0	0	2,200
Due from other funds	300,041	42,704	92,755	435,500
Other assets	0	937	636	1,573
TOTAL ASSETS	$ 15,810,017	$ 2,445,906	$ 1,661,329	$ 19,917,252
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable and accrued expenses	$ 2,495,342	$ 349,787	$ 129,598	$ 2,974,727
Accrued vacation	729,058	0	2,542	731,600
Deferred revenue	612,522	0	79,100	691,622
Student deposits	0	71,006	0	71,006
Scholarships unapplied	0	0	0	0
Due to current unrestricted funds	5,515,333	0	574,792	6,090,125
Due to loan funds	0	0	0	0
Due to other funds	0	34,122	132,229	166,351
Other	76,868	19,912	18,173	114,953
Total liabilities	9,429,123	474,827	936,434	10,840,384
Fund Balance:				
Reserved:				
Reserved for encumbrances	254,140	240,125	7,846	502,111
Unreserved:				
Undesignated	6,126,754	1,730,954	717,049	8,574,757
Total fund balance	6,380,894	1,971,079	724,895	9,076,868
TOTAL LIABILITIES AND FUND BALANCE	$ 15,810,017	$ 2,445,906	$ 1,661,329	$ 19,917,252

STATE OF OKLAHOMA
COMBINING STATEMENT OF CHANGES IN FUND BALANCE - HIGHER EDUCATION FUND TYPE
CURRENT FUNDS - RESTRICTED
FOR THE YEAR ENDED JUNE 30, 1988

	MAJOR UNIVERSITIES	OTHER UNIVERSITIES	OTHER COLLEGES	TOTAL
REVENUES AND OTHER ADDITIONS:				
State appropriations	$ 0	$ 0	$ 0	$ 0
Federal grants and contracts	57,601,170	23,927,755	9,980,839	91,509,764
State and local grants and contracts	18,910,631	0	416,871	19,327,502
Private gifts, grants and contracts	13,069,694	0	2,801,393	15,871,087
Sales and service of educ. activities	3,104,560	0	0	3,104,560
Other sales, reimbursements, etc.	819,019	0	0	819,019
Auxiliary enterprises and student activities	0	0	0	0
Student aid	0	0	625,838	625,838
Investment and interest income	0	0	7,001	7,001
Other sources	1,345,000	11,427	621	1,357,048
TOTAL REVENUE AND OTHER ADDITIONS	94,850,074	23,939,182	13,832,563	132,621,819
EXPENDITURES AND OTHER DEDUCTIONS:				
Educational and general expenditures	87,958,914	24,131,915	12,937,082	125,027,911
Auxiliary enterprises and student activities	0	447,511	46,899	494,410
Expended for plant facilities	0	10,774	116,171	126,945
Indirect cost recoveries	8,106,276	0	0	8,106,276
Sponsored research	0	0	0	0
Other sponsored programs	69,246	0	675,978	745,224
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	96,134,436	24,590,200	13,776,130	134,500,766
EXCESS OF REVENUES AND ADDITIONS OVER (UNDER) EXPENDITURES AND DEDUCTIONS	(1,284,362)	(651,018)	56,433	(1,878,947)
TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS):				
MANDATORY:				
Interfund transfers	(29,243)	593,467	(7,946)	556,278
Principal and interest	0	0	0	0
Transfers from loan funds	0	0	0	0
NONMANDATORY:				
Interfund transfers	(2,303,000)	5,297	906	(2,296,797)
Student aid	0	0	0	0
Transfers from endowment funds	0	0	0	0
Transfers to plant fund - unexpended	0	0	0	0
Transfer to retirement of indebtedness	0	107,399	0	107,399
Excess of restricted receipts over	0	0	0	0
transfers to revenue	254,140	(135,559)	138,267	256,848
TOTAL TRANSFERS AMONG FUNDS	(2,078,103)	570,604	131,227	(1,376,272)
NET INCREASE (DECREASE) FOR THE YEAR	(3,362,465)	(80,414)	187,660	(3,255,219)
FUND BALANCE, JULY 1, 1987	9,743,359	1,183,152	537,235	11,463,746
Prior period adjustment	0	868,341	0	868,341
FUND BALANCE, JUNE 30, 1988	$ 6,380,894	$ 1,971,079	$ 724,895	$ 9,076,868

STATE OF OKLAHOMA
COMBINING BALANCE SHEET - HIGHER EDUCATION FUND TYPE
LOAN FUNDS
JUNE 30, 1988

	MAJOR UNIVERSITIES	OTHER UNIVERSITIES	OTHER COLLEGES	TOTAL
ASSETS				
Cash	$ 572,068	$ 1,158,823	$ 1,077,496	$ 2,808,387
Accounts receivable	0	142,212	76,888	219,100
Investments, at cost	2,654,399	241,178	68,000	2,963,577
Accrued interest receivable	0	369,936	6,402	376,338
Loans to students	24,447,838	8,537,269	2,953,876	35,938,983
Due from current restricted funds	0	0	0	0
Due from U.S. government	0	967	0	967
Due from other funds	0	0	0	0
Other assets	0	0	0	0
TOTAL ASSETS	$ 27,674,305	$ 10,450,385	$ 4,182,662	$ 42,307,352
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	$ 0	$ 280	$ 0	$ 280
Notes payable	0	3,811	0	3,811
Due to foundations	200,000	0	0	200,000
Due to other funds	0	39,639	34,112	73,751
Other liabilities	0	0	0	0
Allowance for doubtful accounts	0	0	1,930	1,930
Total liabilities	200,000	43,730	36,042	279,772
Fund Balance:				
Reserved:				
Reserved for encumbrances	0	0	0	0
Unreserved:				
Undesignated	27,474,305	10,406,655	4,146,620	42,027,580
Total fund balance	27,474,305	10,406,655	4,146,620	42,027,580
TOTAL LIABILITIES AND FUND BALANCE	$ 27,674,305	$ 10,450,385	$ 4,182,662	$ 42,307,352

STATE OF OKLAHOMA
COMBINING STATEMENT OF CHANGES IN FUND BALANCE - HIGHER EDUCATION FUND TYPE
LOAN FUNDS
FOR THE YEAR ENDED JUNE 30, 1988

	MAJOR UNIVERSITIES	OTHER UNIVERSITIES	OTHER COLLEGES	TOTAL
REVENUES AND OTHER ADDITIONS:				
State appropriations	$ 0	$ 0	$ 0	$ 0
Federal grants and contracts	1,001,495	0	220,632	1,222,127
Private gifts, grants and contracts	359,715	37,439	0	397,154
Investment and interest income	873,273	548,148	89,559	1,510,980
Government reimbursement for loan collections	0	510,827	3,738	514,565
Reduction in allowance for doubtful accounts	0	100,993	28,000	128,993
Other sources	96,167	1,623,946	23,148	1,743,261
TOTAL REVENUE AND OTHER ADDITIONS	2,330,650	2,821,353	365,077	5,517,080
EXPENDITURES AND OTHER DEDUCTIONS:				
Cancellations of student loans	641,328	465,641	169,128	1,276,097
Administrative and collection costs	206,000	1,097,612	71,618	1,375,230
Interest on indebtedness	0	0	0	0
Loans assigned to Federal government	0	100,152	58,121	158,273
Transfer of loan fund	0	0	0	0
Refund of capital to Federal government	0	493,442	0	493,442
Bad debts and other	115,883	1,050,877	56,310	1,223,070
Other	0	48,043	(3,149)	44,894
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	963,211	3,255,767	352,028	4,571,006
EXCESS OF REVENUES AND ADDITIONS OVER (UNDER) EXPENDITURES AND DEDUCTIONS	1,367,439	(434,414)	13,049	946,074
TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS):				
NONMANDATORY:				
Interfund transfers	(47,003)	0	4,928	(42,075)
Transfer to current restricted funds	0	0	0	0
TOTAL TRANSFERS AMONG FUNDS	(47,003)	0	4,928	(42,075)
NET INCREASE (DECREASE) FOR THE YEAR	1,320,436	(434,414)	17,977	903,999
FUND BALANCE, JULY 1, 1987	26,153,869	10,736,727	4,128,643	41,019,239
Prior period adjustment	0	104,342	0	104,342
FUND BALANCE, JUNE 30, 1988	$ 27,474,305	$ 10,406,655	$ 4,146,620	$ 42,027,580

STATE OF OKLAHOMA
COMBINING BALANCE SHEET - HIGHER EDUCATION FUND TYPE
ENDOWMENT FUNDS
JUNE 30, 1988

	MAJOR UNIVERSITIES	OTHER UNIVERSITIES	OTHER COLLEGES	TOTAL
ASSETS				
Cash	$ 1,381	$(136,633)	$ 277,815	$ 142,563
Certificates of deposit	0	0	28,142	28,142
Investments, at cost	5,156,300	749,836	92,325	5,998,461
Accrued interest receivable	0	1,503	0	1,503
Equity in state school land funds	75,202,407	0	0	75,202,407
TOTAL ASSETS	$ 80,360,088	$ 614,706	$ 398,282	$ 81,373,076
LIABILITIES AND FUND BALANCE				
Liabilities	$ 0	$ 0	$ 18,928	$ 18,928
Total liabilities	0	0	18,928	18,928
Fund Balance:				
Reserved:				
Reserved for encumbrances	0	0	0	0
Unreserved:				
Undesignated	80,360,088	614,706	379,354	81,354,148
Total fund balance	80,360,088	614,706	379,354	81,354,148
TOTAL LIABILITIES AND FUND BALANCE	$ 80,360,088	$ 614,706	$ 398,282	$ 81,373,076

STATE OF OKLAHOMA
COMBINING STATEMENT OF CHANGES IN FUND BALANCE
HIGHER EDUCATION FUND TYPE
ENDOWMENT FUNDS
FOR THE YEAR ENDED JUNE 30, 1988

	MAJOR UNIVERSITIES	OTHER UNIVERSITIES	OTHER COLLEGES	TOTAL
REVENUES AND OTHER ADDITIONS:				
Federal grants and contracts	$ 0	$ 0	$ 0	$ 0
Private gifts, grants and contracts	399,000	301,364	24,189	724,553
Contributions	0	0	0	0
Investment and interest income	288,075	36,547	8,482	333,104
Gain on sale of investments	83,000	0	0	83,000
State school funds:				
Net increase in equity interest	3,093,438	0	0	3,093,438
Distribution of earnings	7,214,133	0	0	7,214,133
TOTAL REVENUE AND OTHER ADDITIONS	11,077,646	337,911	32,671	11,448,228
EXPENDITURES AND OTHER DEDUCTIONS:				
Bad debts	0	0	0	0
Other expenditures	260,000	29,874	32,414	322,288
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	260,000	29,874	32,414	322,288
EXCESS OF REVENUES AND ADDITIONS OVER (UNDER) EXPENDITURES AND DEDUCTIONS	10,817,646	308,037	257	11,125,940
TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS):				
NONMANDATORY:				
Interfund transfers	(3,365,322)	(3,797)	(3,613)	(3,372,732)
Transfers to plant funds - unexpended	(3,850,000)	0	0	(3,850,000)
Transfers to current restricted funds	0	0	0	0
TOTAL TRANSFERS AMONG FUNDS	(7,215,322)	(3,797)	(3,613)	(7,222,732)
NET INCREASE (DECREASE) FOR THE YEAR	3,602,324	304,240	(3,356)	3,903,208
FUND BALANCE, JULY 1, 1987	76,757,764	310,466	382,710	77,450,940
FUND BALANCE, JUNE 30, 1988	$ 80,360,088	$ 614,706	$ 379,354	$ 81,354,148

STATE OF OKLAHOMA
COMBINING BALANCE SHEET - HIGHER EDUCATION FUND TYPE
PLANT FUNDS - UNEXPENDED
JUNE 30, 1988

	MAJOR UNIVERSITIES	OTHER UNIVERSITIES	OTHER COLLEGES	TOTAL
ASSETS				
Cash	$ 14,537,922	$ 10,282,902	$ 4,638,741	$ 29,459,565
Investments, at cost	10,963,622	691,524	1,079,304	12,734,450
Accounts receivable	1,293,770	3,615	244,425	1,541,810
Accrued interest receivable	110,158	20,535	15,879	146,572
Construction in progress	0	86,148	81,206	167,354
Deposits with trustee	0	0	492,951	492,951
TOTAL ASSETS	26,905,472	11,084,724	6,552,506	44,542,702
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable and accrued expenses	$ 5,704,782	$ 166,548	$ 276,701	$ 6,148,031
Deferred revenue	0	0	0	0
Revenue bonds payable	3,919,265	178,811	1,897,035	5,995,111
Premium on bonds payable	0	0	9,097	9,097
Due to current unrestricted funds	524,917	0	0	524,917
Due to other funds	300,000	0	0	300,000
Other liabilities	0	0	363,103	363,103
Total liabilities	10,448,964	345,359	2,545,936	13,340,259
Fund Balance:				
Reserved:				
Reserved for encumbrances	0	0	0	0
Unreserved:				
Undesignated	16,456,508	10,739,365	4,006,570	31,202,443
Total fund balance	16,456,508	10,739,365	4,006,570	31,202,443
TOTAL LIABILITIES AND FUND BALANCE	$ 26,905,472	$ 11,084,724	$ 6,552,506	$ 44,542,702

STATE OF OKLAHOMA
COMBINING STATEMENT OF CHANGES IN FUND BALANCE - HIGHER EDUCATION FUND TYPE
PLANT FUNDS - UNEXPENDED
FOR THE YEAR ENDED JUNE 30, 1988

	MAJOR UNIVERSITIES	OTHER UNIVERSITIES	OTHER COLLEGES	TOTAL
REVENUES AND OTHER ADDITIONS:				
State appropriations	$ 2,335,000	$ 4,368,155	$ 3,538,358	$ 10,241,513
Federal grants and contracts	703,965	384,000	50,000	1,137,965
State and local grants and contracts	0	11,240	0	11,240
Private gifts, grants and contracts	7,846,772	8,000	54,249	7,909,021
Investment and interest income	1,012,611	50,523	43,382	1,106,516
Auxiliary enterprises and student activities	0	71,776	0	71,776
General obligation bonds	0	0	40,865	40,865
Student center fees	280,625	0	565,624	846,249
Other	1,303,065	853,169	67,604	2,223,838
TOTAL REVENUE AND OTHER ADDITIONS	13,482,038	5,746,863	4,360,082	23,588,983
EXPENDITURES AND OTHER DEDUCTIONS:				
Expended for plant facilities	32,144,918	3,723,802	2,130,715	37,999,435
Renewals and replacement	0	35,168	0	35,168
Administrative and collection costs	0	0	0	0
Other	193,000	0	14,420	207,420
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	32,337,918	3,758,970	2,145,135	38,242,023
EXCESS OF REVENUES AND ADDITIONS OVER (UNDER) EXPENDITURES AND DEDUCTIONS	(18,855,880)	1,987,893	2,214,947	(14,653,040)
TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS):				
MANDATORY:				
Interfund transfers	0	120,000	(555,173)	(435,173)
Principal and interest	(990,165)	(114,846)	0	(1,105,011)
Excess funds to funds for retirement of indebtedness	0	0	0	0
NONMANDATORY:				
Interfund transfers	12,301,930	0	(85,969)	12,215,961
Transfers from retirement of indebtedness	62,000	75,000	0	137,000
Transfers from current unrestricted funds	1,102,000	0	0	1,102,000
Transfers from endowment funds	3,850,000	0	0	3,850,000
Transfers from current restricted funds	0	0	0	0
Matching funds for energy grant	0	0	0	0
TOTAL TRANSFERS AMONG FUNDS	16,325,765	80,154	(641,142)	15,764,777
NET INCREASE (DECREASE) FOR THE YEAR	(2,530,115)	2,068,047	1,573,805	1,111,737
FUND BALANCE, JULY 1, 1987	18,986,623	8,684,646	2,432,765	30,104,034
Prior period adjustment	0	(13,328)	0	(13,328)
FUND BALANCE, JUNE 30, 1988	$ 16,456,508	$ 10,739,365	$ 4,006,570	$ 31,202,443

STATE OF OKLAHOMA
COMBINING BALANCE SHEET - HIGHER EDUCATION FUND TYPE
PLANT FUNDS - RETIREMENT OF INDEBTEDNESS
JUNE 30, 1988

	MAJOR UNIVERSITIES	OTHER UNIVERSITIES	OTHER COLLEGES	TOTAL
ASSETS				
Cash	$ (43,998)	$ 731,729	$ 723,908	$ 1,411,639
Deposits with trustee	0	501,529	2,963,199	3,464,728
Investments, at cost	28,096,656	13,089,679	1,373,624	42,559,959
Accounts receivable	0	17,819	75,088	92,907
Accrued interest receivable	78,740	142,827	13,371	234,938
Funds held by the foundation	664,000	0	0	664,000
Due from current unrestricted funds	17,934	0	0	17,934
Due from other funds	0	75,659	0	75,659
Construction in progress	0	0	0	0
TOTAL ASSETS	$ 28,813,332	$ 14,559,242	$ 5,149,190	$ 48,521,764
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable and accrued expenses	$ 0	$ 5,692	$ 68,701	$ 74,393
Deferred revenue	0	51,477	0	51,477
Revenue bonds payable	0	0	0	0
Accrued interest payable	1,240,324	168,261	230,243	1,638,828
Total liabilities	1,240,324	225,430	298,944	1,764,698
Fund Balance:				
Reserved:				
Reserved for encumbrances	0	0	0	0
Unreserved:				
Undesignated	27,573,008	14,333,812	4,850,246	46,757,066
Total fund balance	27,573,008	14,333,812	4,850,246	46,757,066
TOTAL LIABILITIES AND FUND BALANCE	$ 28,813,332	$ 14,559,242	$ 5,149,190	$ 48,521,764

STATE OF OKLAHOMA
COMBINING STATEMENT OF CHANGES IN FUND BALANCE - HIGHER EDUCATION FUND TYPE
PLANT FUNDS - RETIREMENT OF INDEBTEDNESS
FOR THE YEAR ENDED JUNE 30, 1988

	MAJOR UNIVERSITIES	OTHER UNIVERSITIES	OTHER COLLEGES	TOTAL
REVENUES AND OTHER ADDITIONS:				
State appropriations	$ 0	$ 13,097	$ 7,608	$ 20,705
Private gifts, grants and contracts	0	0	0	0
Investment and interest income	1,479,276	958,965	334,799	2,773,040
Student fees	0	0	474,662	474,662
STEP monies pledged for debt service	30,000	0	0	30,000
Other	610,000	869,746	148,622	1,628,368
TOTAL REVENUE AND OTHER ADDITIONS	2,119,276	1,841,808	965,691	4,926,775
EXPENDITURES AND OTHER DEDUCTIONS:				
Retirement of indebtedness	4,975,945	993,792	458,000	6,427,737
Interest on indebtedness	6,634,775	508,081	975,368	8,118,224
Administrative and collection costs	0	10,269	3,862	14,131
Loan cancellations	0	0	0	0
Retirement of obligation - capital lease	0	0	0	0
Other	176,361	49,512	4,917	230,790
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	11,787,081	1,561,654	1,442,147	14,790,882
EXCESS OF REVENUES AND ADDITIONS OVER (UNDER) EXPENDITURES AND DEDUCTIONS	(9,667,805)	280,154	(476,456)	(9,864,107)
TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS):				
MANDATORY:				
Interfund transfers	1,100,519	(77,933)	667,767	1,690,353
Principal and interest	5,447,285	766,055	(360,772)	5,852,568
Excess funds from unexpended plant funds	668,132	0	0	668,132
NONMANDATORY:				
Interfund transfers	(62,000)	1,022	68,755	7,777
Transfers to current unrestricted funds	0	0	(73,666)	(73,666)
Transfers to retirement of indebtedness	0	(15,000)	0	(15,000)
Transfers from current unrestricted funds	4,107,000	0	0	4,107,000
Capital lease payments	1,859,727	0	0	1,859,727
TOTAL TRANSFERS AMONG FUNDS	13,120,663	674,144	302,084	14,096,891
NET INCREASE (DECREASE) FOR THE YEAR	3,452,858	954,298	(174,372)	4,232,784
FUND BALANCE, JULY 1, 1987	24,120,150	13,379,514	5,024,618	42,524,282
Adjustment - Reclassification of funds	0	0	0	0
FUND BALANCE, JUNE 30, 1988	$ 27,573,008	$ 14,333,812	$ 4,850,246	$ 46,757,066

STATE OF OKLAHOMA
COMBINING BALANCE SHEET - HIGHER EDUCATION FUND TYPE
PLANT FUNDS - INVESTMENT IN PLANT
JUNE 30, 1988

	MAJOR UNIVERSITIES	OTHER UNIVERSITIES	OTHER COLLEGES	TOTAL
ASSETS				
Land	$ 22,173,890	$ 5,772,896	$ 6,250,466	$ 34,197,252
Buildings and improvements	458,128,344	167,650,866	151,099,892	776,879,102
Equipment	199,331,362	58,364,449	49,516,977	307,212,788
Nonstructural improvements	39,425,301	3,233,773	3,751,725	46,410,799
Leasehold improvements	530,280	0	0	530,280
Library books	29,466,758	19,959,710	5,753,714	55,180,182
Books and collections	0	0	0	0
Streets and paving	0	0	137,472	137,472
Joint watershed	0	728,316	0	728,316
Livestock	0	209,739	344,109	553,848
Construction in progress	51,819,282	291,201	0	52,110,483
Unamortized bond discount	0	0	30,375	30,375
Less accumulated depreciation	(38,021,723)	0	0	(38,021,723)
Other assets	0	0	146,512	146,512
TOTAL ASSETS	$ 762,853,494	$ 256,210,950	$ 217,031,242	$ 1,236,095,686
LIABILITIES AND FUND EQUITY				
Liabilities:				
Notes payable	$ 344,000	$ 0	$ 220,552	$ 564,552
Revenue bonds payable	88,602,735	11,496,189	11,676,965	111,775,889
Leases payable	0	657,297	491,515	1,148,812
Obligation under capital lease	11,943,124	123,818	30,845	12,097,787
Due to other funds	0	0	6,904,336	6,904,336
Total liabilities	100,889,859	12,277,304	19,324,213	132,491,376
Fund Equity:				
Net investment in fixed assets	648,092,635	242,107,679	198,574,281	1,088,774,595
Fund Balance:				
Unreserved	13,871,000	1,825,967	(867,252)	14,829,715
Total fund equity	661,963,635	243,933,646	197,707,029	1,103,604,310
TOTAL LIABILITIES AND FUND EQUITY	$ 762,853,494	$ 256,210,950	$ 217,031,242	$ 1,236,095,686

STATE OF OKLAHOMA
COMBINING STATEMENT OF CHANGES IN FUND EQUITY - HIGHER EDUCATION FUND TYPE
PLANT FUNDS - INVESTMENT IN PLANT
FOR THE YEAR ENDED JUNE 30, 1988

	MAJOR UNIVERSITIES	OTHER UNIVERSITIES	OTHER COLLEGES	TOTAL
REVENUES AND OTHER ADDITIONS:				
Private gifts, grants and contracts	$ 273,615	$ 0	$ 34,300	$ 307,915
Expended for plant facilities	60,399,973	7,494,243	6,483,515	74,377,731
Retirement of indebtedness	4,975,945	993,792	624,338	6,594,075
Investment and interest income	0	0	0	0
Other	9,000	487,664	88,680	585,344
TOTAL REVENUES AND OTHER ADDITIONS	65,658,533	8,975,699	7,230,833	81,865,065
EXPENDITURES AND OTHER DEDUCTIONS:				
Expended for plant facilities	0	0	0	0
Retirement of equipment	3,413,000	54,507	287,580	3,755,087
Disposal of plant facilities	3,899,827	1,310,348	1,226,655	6,436,830
Obligations under capital lease	4,681,820	0	0	4,681,820
Depreciation and amortization	4,356,754	0	2,249	4,359,003
Other	2,620,000	0	667,535	3,287,535
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	18,971,401	1,364,855	2,184,019	22,520,275
EXCESS OF REVENUES AND ADDITIONS OVER (UNDER) EXPENDITURES AND DEDUCTIONS	46,687,132	7,610,844	5,046,814	59,344,790
TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS):				
MANDATORY:				
Interfund transfers	(7,776,951)	109,904	97,638	(7,569,409)
Principal and interest	0	0	0	0
NONMANDATORY:				
Interfund transfers	0	0	21,903	21,903
TOTAL TRANSFERS AMONG FUNDS	(7,776,951)	109,904	119,541	(7,547,506)
NET INCREASE (DECREASE) FOR THE YEAR	38,910,181	7,720,748	5,166,355	51,797,284
FUND EQUITY, JULY 1, 1987	623,053,454	236,191,488	192,812,092	1,052,057,034
Prior period adjustments	0	21,410	(271,418)	(250,008)
FUND EQUITY, JUNE 30, 1988	$ 661,963,635	$ 243,933,646	$ 197,707,029	$ 1,103,604,310

STATE OF OKLAHOMA
COMBINING BALANCE SHEET - HIGHER EDUCATION FUND TYPE
AGENCY FUNDS
JUNE 30, 1988

	MAJOR UNIVERSITIES	OTHER UNIVERSITIES	OTHER COLLEGES	TOTAL
ASSETS				
Cash	$ 1,271,345	$ 746,248	$ 720,958	$ 2,738,551
Investments, at cost	1,495,545	21,659	88,377	1,605,581
Accounts receivable	0	43,576	0	43,576
Inventories	0	0	0	0
Due from U.S. government	0	0	28,898	28,898
Due from current unrestricted fund	0	1,857	0	1,857
Due from other funds	0	0	0	0
TOTAL ASSETS	$ 2,766,890	$ 813,340	$ 838,233	$ 4,418,463
LIABILITIES AND FUND BALANCE				
Liabilities:				
Funds held in custody for others	$ 2,764,185	$ 797,465	$ 347,168	$ 3,908,818
Accounts payable and accrued expenses	0	15,875	9,938	25,813
Deferred revenue	0	0	0	0
Due to current unrestricted funds	2,664	0	10,912	13,576
Due to other funds	41	0	16,089	16,130
Total liabilities	2,766,890	813,340	384,107	3,964,337
Fund Balance:				
Reserved:				
Reserved for encumbrances	0	0	0	0
Unreserved:				
Undesignated	0	0	454,126	454,126
Total fund balance	0	0	454,126	454,126
TOTAL LIABILITIES AND FUND BALANCE	$ 2,766,890	$ 813,340	$ 838,233	$ 4,418,463

SUPPLEMENTAL SCHEDULES

STATE OF OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CASH BASIS
GENERAL FUND - GENERAL GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 1988

	ATTORNEY GENERAL	OFFICE OF STATE FINANCE	DEPARTMENT OF COMMERCE	GENERAL FUNDS UNALLOCATED
REVENUES:				
Taxes	$ 0	$ 0	$ 0	$ 2,329,919,321
Licenses, fees and permits	0	0	0	30,114,246
Income from money and property	0	0	509,935	83,168,713
Federal funds	0	0	192,895	0
Other	11,294	1,808	826,614	19,596,647
TOTAL REVENUES	11,294	1,808	1,529,444	2,462,798,927
EXPENDITURES:				
Personal services	2,147,469	4,763,601	5,056,703	0
Travel	37,665	11,262	305,844	0
Contractual services	86,756	1,835,405	1,528,246	0
Supplies and materials	25,822	98,839	93,239	0
Equipment	72,381	495,046	295,162	0
Assistance, retirement and grants	0	0	0	0
Other charges	154,121	469,474	72,630	0
Inter/Intra agency payments	67,866	213,086	2,420,445	0
Payments to local governments	0	0	6,581,218	0
Land and Structures	0	0	0	0
TOTAL EXPENDITURES	2,592,080	7,886,713	16,353,487	0
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,580,786)	(7,884,905)	14,824,043)	2,462,798,927
OTHER FINANCING SOURCES (USES):				
Transfers in	131,942	0	9,505,776	734,861,712
Transfers out	(65,239)	(1,503,343)	(5,078,778)	(2,754,978,602)
State appropriations	2,657,285	8,860,294	10,970,643	0
TOTAL OTHER FINANCING SOURCES (USES)	2,723,988	7,356,951	15,397,641	2,020,116,890)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	143,202	(527,954)	573,598	442,682,037
FUND BALANCE, JULY 1, 1987	168,024	2,655,000	13,783,871	29,592,632
FUND BALANCE, JUNE 30, 1988	$ 311,226	$ 2,127,046	$ 14,357,469	$ 472,274,669

ELECTION BOARD	OKLA. MERIT PROTECTION COMMISSION	AUDITOR & INSPECTOR	GOVERNOR	OFFICE OF PERSONNEL MANAGEMENT	OKLAHOMA ETHICS COMMISSION	SENATE
$ 0	$ 0	$ 55,569	$ 0	$ 0	$ 0	$ 0
0	0	0	0	0	0	0
0	0	0	63,057	0	0	0
0	0	0	0	0	0	0
33,700	1,265	2,429,357	43,869	0	2,435	0
33,700	1,265	2,484,926	106,926	0	2,435	0
493,910	300,316	4,508,338	1,485,036	2,624,176	87,717	3,894,674
36,007	16,506	380,395	49,620	16,228	1,105	266,654
100,260	35,214	130,460	74,960	175,002	3,129	731,777
125,902	4,253	61,130	24,543	34,886	6,743	99,164
108,102	7,352	33,481	34,990	28,317	12,456	44,634
0	0	0	0	0	0	0
1,583	4,811	8,647	31,854	16,654	59	28,176
195,574	3,614	326,265	105,420	330,044	2,862	41,453
1,926,492	0	0	0	0	0	0
0	0	17	8,414	0	0	0
2,987,830	372,066	5,448,733	1,814,837	3,225,307	114,071	5,106,532
(2,954,130)	(370,801)	(2,963,807)	(1,707,911)	(3,225,307)	(111,636)	(5,106,532)
0	0	570,000	155,229	0	0	0
0	(295)	(287,446)	(1,248)	(152,149)	(1,450)	0
3,628,804	405,201	2,772,558	1,556,762	3,541,920	98,375	5,121,557
3,628,804	404,906	3,055,112	1,710,743	3,389,771	96,925	5,121,557
674,674	34,105	91,305	2,832	164,464	(14,711)	15,025
571,509	4,497	156,259	495,692	218,219	18,344	210,797
$ 1,246,183	$ 38,602	$ 247,564	$ 498,524	$ 382,683	$ 3,633	$ 225,822

STATE OF OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CASH BASIS
GENERAL FUND - GENERAL GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 1988

	HOUSE OF REPRESENTATIVES	LEGISLATIVE SERVICE BUREAU	STATE TREASURERS' OFFICE	LIEUTENANT GOVERNOR
REVENUES:				
Taxes	$ 0	$ 0	$ 0	$ 0
Licenses, fees and permits	0	0	0	0
Income from money and property	0	0	227,469	0
Federal funds	0	80,496	0	0
Other	0	328,547	104	12,051
TOTAL REVENUES	0	409,043	227,573	12,051
EXPENDITURES:				
Personal services	5,309,698	1,132,550	1,449,485	282,202
Travel	573,446	19,102	39,345	39,629
Contractual services	1,376,745	158,483	186,984	16,990
Supplies and materials	166,334	74,469	68,738	4,560
Equipment	90,966	315,483	640,862	10,632
Assistance, retirement and grants	0	0	0	0
Other charges	45,183	31,417	14,195	2,506
Inter/Intra agency payments	89,882	63,878	471,560	11,422
Payments to local governments	0	0	0	0
Land and structures	0	0	129,478	0
TOTAL EXPENDITURES	7,652,254	1,795,382	3,000,647	367,941
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,652,254)	(1,386,339)	(2,773,074)	(355,890)
OTHER FINANCING SOURCES (USES):				
Transfers in	2,328	25,868	594	5,371
Transfers out	(2,934)	(25,868)	(1,344)	(5,647)
State appropriations	8,193,258	2,139,418	2,658,839	386,532
TOTAL OTHER FINANCING SOURCES (USES)	8,192,652	2,139,418	2,658,089	386,256
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	540,398	753,079	(114,985)	30,366
FUND BALANCE, JULY 1, 1987	201,576	1,007,702	1,045,523	11,415
FUND BALANCE, JUNE 30, 1988	$ 741,974	$ 1,760,781	$ 930,538	$ 41,781

OFFICE OF PUBLIC AFFAIRS	SECRETARY OF STATE	TAX COMMISSION	TOTAL
$ 0	$ 0	$ 6,561,841	$ 2,336,536,731
78,990	369,420	156,174	30,718,830
45,769	0	0	84,014,943
0	0	0	273,391
3,162,796	162,678	232,093	26,845,258
3,287,555	532,098	6,950,108	2,478,389,153
7,312,748	563,299	33,777,524	75,189,446
99,563	3,821	994,667	2,890,859
2,454,988	57,325	6,113,732	15,066,456
568,816	20,666	1,343,135	2,821,239
396,415	42,303	371,472	3,000,054
0	0	20,614	20,614
1,028,633	2,609	303,466	2,216,018
522,696	88,907	3,196,267	8,151,241
0	0	4,017	8,511,727
86,163	0	0	224,072
12,470,022	778,930	46,124,894	118,091,726
(9,182,467)	246,832)	39,174,786)	2,360,297,427
1,731,840	170,000	555,305	747,715,965
(409,074)	115,048)	(650,173)	(2,763,278,638)
7,742,934	559,977	39,675,847	100,970,204
9,065,700	614,929	39,580,979	(1,914,592,469)
(116,767)	368,097	406,193	445,704,958
8,244,269	156,061	2,337,926	60,879,316
$ 8,127,502	$ 524,158	$ 2,744,119	$ 506,584,274

STATE OF OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CASH BASIS
GENERAL FUND - EDUCATION
FOR THE YEAR ENDED JUNE 30, 1988

	ARTS AND HUMANITIES COUNCIL	J.M. DAVIS MEMORIAL COMMISSION	DEPARTMENT OF EDUCATION	OKLAHOMA EDUCATIONAL TELEVISION AUTHORITIES	HISTORICAL SOCIETY
REVENUES:					
Taxes	$ 0	$ 0	$ 38,100	$ 0	$ 0
Licenses, fees and permits	0	0	407,639	41,683	0
Income from money and property	0	0	11,508	4,205	0
Federal funds	496,506	0	69,989,742	0	325,995
Other	198,450	36,532	208,258	32,980	190,167
TOTAL REVENUES	694,956	36,532	70,655,247	78,868	516,162
EXPENDITURES:					
Personal services	366,342	178,452	16,603,710	1,466,831	2,395,381
Travel	23,043	1,578	1,277,163	10,450	29,916
Contractual services	43,916	42,686	1,283,210	312,778	329,152
Supplies and materials	16,328	7,205	823,995	87,653	125,128
Equipment	10,917	2,848	735,426	13,637	78,586
Assistance, retirement and grants	0	0	148,500	0	0
Other charges	9,485	17,546	9,955,937	14,610	65,714
Inter/Intra agency payments	57,088	2,366	2,866,853	17,413	382,828
Payments to local governments	1,319,230	0	825,209,043	0	285,650
Land and structures	0	0	0	0	103,169
TOTAL EXPENDITURES	1,846,349	252,681	858,903,837	1,923,372	3,795,524
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,151,393)	(216,149)	(788,248,590)	(1,844,504)	(3,279,362)
OTHER FINANCING SOURCES (USES):					
Transfers in	7,797	0	26,756,454	340	75,000
Transfers out	(51,642)	(2,128)	(73,045,388)	(3,129)	(63,967)
State appropriations	1,480,657	208,314	835,552,463	1,700,544	3,292,575
TOTAL OTHER FINANCING SOURCES (USES)	1,436,812	206,186	789,263,529	1,697,755	3,303,608
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	285,419	(9,963)	1,014,939	(146,749)	24,246
FUND BALANCE, JULY 1, 1987	298,187	76,288	7,132,206	285,292	421,351
FUND BALANCE, JUNE 30, 1988	$ 583,606	$ 66,325	$ 8,147,145	$ 138,543	$ 445,597

DEPARTMENT OF LIBRARIES	REGENTS FOR HIGHER EDUCATION	PHYSICIAN MANPOWER TRAINING COMM.	DEPARMENT OF VOCATIONAL & TECH-NICAL EDUCATION	WILL ROGERS MEMORIAL COMMISSION	OKLA. CENTER FOR SCIENCE & TECHNOLOGY
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
0	0	0	0	0	0
0	9,388	0	0	0	422,505
1,796,271	1,339,886	0	15,096,465	0	0
163,861	7,966,679	116,757	3,718,196	125,001	40,000
1,960,132	9,315,953	116,757	18,814,661	125,001	462,505
1,954,210	3,545,473	1,552,837	12,248,538	255,116	350,523
48,123	57,193	8,173	725,966	3,133	15,279
304,207	608,028	8,222	2,680,181	49,339	7,396
104,881	197,280	3,565	1,571,885	23,434	2,774
405,054	590,707	459	2,002,391	17,394	25,736
7,400	13,262,929	416,770	17,111	0	0
13,424	89,686	7,415	294,613	93,650	4,472
300,623	3,961,620	3,383,889	2,390,245	1,205	851,531
2,184,926	166,927	0	50,879,949	0	174,997
0	970,230	0	2,297,486	56,996	0
5,322,848	23,450,073	5,381,330	75,108,365	500,267	1,432,708
(3,362,716)	(14,134,120)	(5,264,573)	(56,293,704)	(375,266)	(970,203)
82,969	309,660	46,966	723,076	0	13,710,788
(88,800)	(7,726,422)	(26,572)	(283,937)	(22,893)	(11,000,000)
3,398,886	24,194,893	5,407,349	58,134,632	328,964	11,000,000
3,393,055	16,778,131	5,427,743	58,573,771	306,071	13,710,788
30,339	2,644,011	163,170	2,280,067	(69,195)	12,740,585
247,707	16,844,604	353,718	7,604,820	138,373	0
$ 278,046	$ 19,488,615	$ 516,888	$ 9,884,887	$ 69,178	$ 12,740,585

STATE OF OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CASH BASIS
GENERAL FUND - EDUCATION
FOR THE YEAR ENDED JUNE 30, 1988

	OKLAHOMA SCHOOL OF SCIENCE AND MATH	TOTAL
REVENUE:		
Taxes	$ 0	$ 38,100
Licenses, fees and permits	0	449,322
Income from money and property	0	447,606
Federal funds	0	89,044,865
Other	0	12,796,881
TOTAL REVENUE	0	102,776,774
EXPENDITURES:		
Personal services	9,419	40,926,832
Travel	4,402	2,204,419
Contractual services	0	5,669,115
Supplies and materials	0	2,964,128
Equipment	0	3,883,155
Assistance, retirement and grants	0	13,852,710
Other charges	0	10,566,552
Inter/Intra agency payments	0	14,215,661
Payments to local governments	0	880,220,722
Land and structures	0	3,427,881
TOTAL EXPENDITURES	13,821	977,931,175
EXCESS REVENUE OVER (UNDER) EXPENDITURES	(13,821)	(875,154,401)
OTHER FINANCING SOURCES (USES)		
Transfers in	69,237	41,782,287
Transfers out	0	(92,314,878)
State appropriations	0	944,699,277
TOTAL OTHER FINANCING SOURCES (USES)	69,237	894,166,686
EXCESS REVENUE OVER (UNDER) EXPENDITURES AND OTHER USES	55,416	19,012,285
FUND BALANCE, JULY 1, 1987	0	33,402,546
FUND BALANCE, JUNE 30, 1988	$ 55,416	$ 52,414,831

STATE OF OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CASH BASIS
GENERAL FUND - HEALTH & SOCIAL SERVICES
FOR THE YEAR ENDED JUNE 30, 1988

	OFFICE OF HANDICAPPED CONCERNS	OKLAHOMA DEPARTMENT OF HEALTH	OKLAHOMA HEALTH PLANNING COMMISSION	OKLAHOMA COMMISSION ON CHILDREN & YOUTH
REVENUES:				
Taxes	$ 0	$ 0	$ 0	$ 0
Licenses, fees and permits	0	5,192,856	537,867	0
Income from money and property	0	0	0	0
Federal funds	78,001	33,961,179	0	546,875
Other	536	5,927,816	20,481	158,582
TOTAL REVENUES	78,537	45,081,851	558,348	705,457
EXPENDITURES:				
Personal services	213,647	39,818,092	706,168	401,379
Travel	8,703	1,503,486	25,166	33,091
Contractual services	26,285	2,473,102	36,669	29,548
Supplies and materials	2,976	2,018,022	14,501	10,604
Equipment	8,389	651,007	14,306	4,587
Assistance, retirement and grants	0	17,257,340	0	0
Other charges	979	335,145	5,050	27,997
Inter/Intra agency payments	15,728	3,853,626	54,805	452,388
Payments to local governments	0	7,498,203	1,221	264,617
Land and structures	0	509,386	0	0
TOTAL EXPENDITURES	276,707	75,917,409	857,886	1,224,211
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(98,170)	(30,835,558)	(299,538)	(518,754)
OTHER FINANCING SOURCES (USES):				
Transfers in	27	1,843,211	213	133
Transfers out	(3,822)	(1,347,893)	(213)	(720)
State appropriations	210,900	33,189,663	165,987	664,522
TOTAL OTHER FINANCING SOURCES (USES)	207,105	33,684,981	165,987	663,935
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	8,935	2,849,423	(133,551)	145,181
FUND BALANCE, JULY 1, 1987	32,745	7,651,627	166,985	117,199
FUND BALANCE, JUNE 30, 1988	$ 41,680	$ 10,501,050	$ 33,434	$ 262,380

OKLAHOMA INDIAN AFFAIRS COMMISSION	DEPARTMENT OF MENTAL HEALTH	DEPARTMENT OF VETERANS AFFAIRS	J.D. McCARTY CENTER FOR HANDI-CAPPED CHILDREN	HUMAN RIGHTS COMMISSION
$ 0	$ 0	$ 0	$ 0	$ 0
0	7,600	0	0	0
152	67,329	0	0	0
0	9,782,229	11,702,390	1,364,859	81,826
845	15,583,650	8,643,605	62,399	116,358
997	25,440,808	20,345,995	1,427,258	198,184
101,387	65,256,842	17,260,725	1,884,779	600,209
2,448	318,775	138,559	13,863	20,787
21,316	5,837,130	1,385,431	101,431	31,268
4,219	5,166,021	2,814,072	143,070	11,805
4,672	1,085,825	309,312	84,658	12,737
0	192,055	272,937	22	0
468	1,161,112	10,182,157	29,324	12,455
10,557	5,106,962	374,959	20,638	32,410
0	30,506,511	895	105,107	0
0	341,359	557,465	15,429	0
145,067	114,972,592	33,296,512	2,398,321	721,671
(144,070)	(89,531,784)	(12,950,517)	(971,063)	(523,487)
0	5,558,604	891,165	197	392
(78)	(5,387,610)	(891,218)	(13,105)	(2,082)
60,231	82,297,808	10,238,284	1,219,518	521,835
60,153	82,468,802	10,238,231	1,206,610	520,145
(83,917)	(7,062,982)	(2,712,286)	235,547	(3,342)
107,532	15,801,154	7,006,605	450,610	75,799
$ 23,615	$ 8,738,172	$ 4,294,319	$ 686,157	$ 72,457

STATE OF OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CASH BASIS
GENERAL FUND - HEALTH & SOCIAL SERVICES
FOR THE YEAR ENDED JUNE 30, 1988

	DEPARTMENT OF HUMAN SERVICES	TOTAL
REVENUES:		
Taxes	$ 834,527	$ 0
Licenses, fees and permits	5,738,323	4,138,759
Income from money and property	125,450	121,028
Federal funds	647,941,227	53,746,103
Other	122,088,089	32,400,024
TOTAL REVENUES	776,727,616	90,405,914
EXPENDITURES:		
Personal services	350,265,602	130,650,602
Travel	5,841,780	2,020,384
Contractual services	33,346,903	9,335,004
Supplies and materials	17,544,126	9,212,326
Equipment	6,422,593	1,452,941
Assistance, retirement and grants	810,260,893	16,485,935
Other charges	18,208,207	1,982,360
Inter/Intra agency payments	21,749,833	12,017,614
Payments to local governments	85,959,984	36,206,929
Land and structures	2,655,525	5,037,533
TOTAL EXPENDITURES	1,352,255,446	224,401,628
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(575,527,830)	(133,995,714)
OTHER FINANCING SOURCES (USES):		
Transfers in	534,331,482	17,612,312
Transfers out	(510,974,959)	(10,424,740)
State appropriations	548,720,769	114,562,070
TOTAL OTHER FINANCING SOURCES (USES)	572,077,292	121,749,642
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(3,450,538)	(12,246,072)
FUND BALANCE, JULY 1, 1987	59,357,667	43,656,600
FUND BALANCE, JUNE 30, 1988	$ 55,907,129	$ 31,410,528

STATE OF OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CASH BASIS
GENERAL FUND - LAW, JUSTICE, & PUBLIC SAFETY
FOR THE YEAR ENDED JUNE 30, 1988

	MILITARY DEPARTMENT	DEPARTMENT OF CORRECTIONS	COURT OF CRIMINAL APPEALS	DISTRICT COURTS	DISTRICT ATTORNEYS (DATCC)
REVENUES:					
Taxes	$ 0	$ 0	$ 0	$ 0	$ 0
Licenses, fees and permits	0	1,236,394	0	0	0
Income from money and property	0	12,738	0	0	0
Federal funds	3,948,088	179,684	99,319	0	3,114,364
Other	78,731	1,503,747	0	0	4,441,155
TOTAL REVENUES	4,026,819	2,932,563	99,319	0	7,555,519
EXPENDITURES:					
Personal services	4,131,567	81,907,867	740,392	15,844,373	23,946,229
Travel	53,104	532,080	4,884	251,303	387,380
Contractual services	2,354,242	8,551,317	40,614	34,791	135,350
Supplies and materials	380,486	8,883,085	8,968	612	15,295
Equipment	124,087	2,348,462	188,509	0	86,123
Assistance, retirement and grants	6,781	1,931,705	0	0	0
Other charges	69,097	4,623,044	2,601	109,507	712,522
Inter/Intra agency payments	59,614	5,621,205	6,846	0	790,404
Payments to local governments	0	212,394	0	0	2,168,544
Land and structures	413,124	1,056,369	0	0	0
TOTAL EXPENDITURES	7,592,102	115,667,528	992,814	16,240,586	28,241,847
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,565,283)	(112,734,965)	(893,495)	(16,240,586)	(20,686,328)
OTHER FINANCING SOURCES (USES):					
Transfers in	871	4,095	0	12,203,459	209,705
Transfers out	(6,004)	(570,855)	(13,984)	(433,155)	(173,042)
State appropriations	3,377,993	112,278,113	777,521	4,175,020	20,359,257
TOTAL OTHER FINANCING SOURCES (USES)	3,372,860	111,711,353	763,537	15,945,324	20,395,920
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	(192,423)	(1,023,612)	(129,958)	(295,262)	(290,408)
FUND BALANCE, JULY 1, 1987	1,783,750	7,687,913	147,935	503,737	1,241,742
FUND BALANCE, JUNE 30, 1988	$ 1,591,327	$ 6,664,301	$ 17,977	$ 208,475	$ 951,334

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PARDON AND PAROLE BOARD	BUREAU OF INVESTIGATION	BOARD OF MEDICOLEGAL INVESTIGATIONS	STATE FIRE MARSHALL COMMISSION	ALCOHOLIC BEVERAGE LAWS ENFORCEMENT COMMISSION	BUREAU OF NARCOTICS & DANGEROUS DRUGS CONTROL	DEPARTMENT OF PUBLIC SAFETY
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
0	50,662	0	0	0	850	0
0	0	0	0	0	126,445	0
0	170	31,563	0	29,121	301,128	1,109,915
0	356,915	0	0	0	320,109	651,276
0	407,747	31,563	0	29,121	748,532	1,761,191
674,420	5,160,733	1,514,176	460,931	1,839,356	2,091,198	32,524,885
25,792	73,451	4,509	3,113	37,833	52,740	40,981
32,733	1,078,636	204,857	41,440	168,422	431,158	4,752,394
5,334	292,649	93,098	6,594	74,064	178,916	4,056,508
9,458	213,730	13,832	989	152,838	197,121	2,554,387
0	0	0	0	0	0	2,723
1,487	97,391	26,756	16,049	43,852	213,947	1,703,168
6,419	191,680	68,027	68,130	117,930	112,338	477,914
0	0	0	0	0	5,555	2,496
0	0	0	0	0	0	103,211
755,643	7,108,270	1,925,255	597,246	2,434,295	3,282,973	46,218,667
(755,643)	(6,700,523)	(1,893,692)	(597,246)	(2,405,174)	(2,534,441)	(44,457,476)
0	70	92,000	0	59	6,388	415,343
(20,999)	(72,221)	(49,930)	(9,785)	(23,700)	(177,559)	(230,475)
764,514	6,677,150	1,879,038	601,766	2,317,254	2,905,502	43,918,639
743,515	6,604,999	1,921,108	591,981	2,293,613	2,734,331	44,103,507
(12,128)	(95,524)	27,416	(5,265)	(111,561)	199,890	(353,969)
27,833	427,333	62,406	27,014	202,736	572,876	3,067,293
$ 15,705	$ 331,809	$ 89,822	$ 21,749	$ 91,175	$ 772,766	$ 2,713,324

STATE OF OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - CASH BASIS
GENERAL FUND - LAW, JUSTICE, AND PUBLIC SAFETY
FOR THE YEAR ENDED JUNE 30, 1988

	SUPREME COURT	CENTER FOR CRIMINAL JUSTICE BD.	COUNCIL ON LAW ENFORCEMENT EDUCATION AND TRAINING	TOTAL
REVENUES:				
Taxes	$ 0	$ 0	$ 0	$ 0
Licenses, fees and permits	224,635	0	0	1,512,541
Income from money and property	0	0	0	139,183
Federal funds	0	25,075	0	8,838,427
Other	11,371,861	5,000	1,660,836	20,389,630
TOTAL REVENUES	11,596,496	30,075	1,660,836	30,879,781
EXPENDITURES:				
Personal services	4,608,124	617,854	850,948	176,913,053
Travel	17,613	11,375	53,669	1,549,827
Contractual services	530,551	39,038	80,220	18,475,763
Supplies and materials	59,790	8,169	101,840	14,165,408
Equipment	277,353	75,687	45,630	6,288,206
Assistance, retirement and grants	0	0	0	1,941,209
Other charges	44,133	1,073	5,991	7,670,618
Inter/Intra agency payments	195,433	575	220,498	7,937,013
Payments to local governments	235,792	0	11,231	2,636,012
Land and structures	0	0	0	1,572,704
TOTAL EXPENDITURES	5,968,789	753,771	1,370,027	239,149,813
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,627,707	(723,696)	290,809	(208,270,032)
OTHER FINANCING SOURCES (USES):				
Transfers in	3,547,191	0	151,132	16,630,313
Transfers out	(13,353,232)	(4,879)	(151,203)	(15,291,023)
State appropriations	3,530,290	795,278	300,000	204,657,335
TOTAL OTHER FINANCING SOURCES (USES)	(6,275,751)	790,399	299,929	205,996,625
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(648,044)	66,703	590,738	(2,273,407)
FUND BALANCE, JULY 1, 1987	2,181,216	45,052	188,344	18,167,180
FUND BALANCE, JUNE 30, 1988	$ 1,533,172	$ 111,755	$ 779,082	$ 15,893,773

STATE OF OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CASH BASIS
GENERAL FUND - RECREATION & NATURAL RESOURCES
FOR THE YEAR ENDED JUNE 30, 1988

	DEPT. OF AGRICULTURE	WATER RESOURCES BOARD	DEPT. OF TOURISM & RECREATION	DEPT. OF POLLUTION CONTROL
REVENUES:				
Taxes	$ 0	$ 0	$ 875,733	$ 0
Licenses, fees and permits	2,413,114	254,425	90,606	0
Income from money and property	16,440	0	80,697	0
Federal funds	3,190,730	497,430	409,314	872,839
Other	502,477	246,116	6,908,740	900
TOTAL REVENUES	6,122,761	997,971	8,365,090	873,739
EXPENDITURES:				
Personal services	13,393,504	2,643,641	15,266,947	204,977
Travel	434,275	50,960	206,040	9,967
Contractual services	796,569	499,617	4,817,620	19,764
Supplies and materials	763,249	37,562	2,086,082	2,311
Equipment	972,551	50,701	1,587,142	1,004
Assistance, retirement, and grants	0	0	0	0
Other charges	318,861	22,187	945,940	1,252
Inter/Intra agency payments	588,275	235,786	1,471,148	755,105
Payments to local governments	1,496,040	502,768	805,503	72,082
Land and structures	0	0	983,585	0
TOTAL EXPENDITURES	18,763,324	4,043,222	28,170,007	1,066,462
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(12,640,563)	(3,045,251)	(19,804,917)	(192,723)
OTHER FINANCING SOURCES (USES):				
Transfers in	437,918	204	400,497	0
Transfers out	(8,087)	(3,956)	(258,218)	0
State appropriations	11,991,077	3,448,057	19,865,931	160,237
TOTAL OTHER FINANCING SOURCES (USES)	12,420,908	3,444,305	20,008,210	160,237
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(219,655)	399,054	203,293	(32,486)
FUND BALANCE, JULY 1, 1987	2,131,963	154,167	1,739,092	51,481
FUND BALANCE, JUNE 30, 1988	$ 1,912,308	$ 553,221	$ 1,942,385	$ 18,995

OKLAHOMA CONSERVATION COMMISSION	TOTAL
$ 0	$ 875,733
0	2,758,145
1,478	17,918
1,837,700	6,688,343
19,727	953,604
1,858,905	11,293,743
324,931	30,944,138
32,288	693,069
55,544	4,273,629
64,724	1,697,360
70,382	1,898,690
0	0
56,625	1,118,174
37,186	2,846,247
3,658,779	6,535,172
1,174,247	1,406,342
5,474,706	51,412,821
(3,615,801)	(40,119,078)
0	832,558
(3,460)	(267,661)
3,492,231	40,255,864
3,488,771	40,820,761
(127,030)	701,683
683,781	5,733,391
$ 556,751	$ 6,435,074

STATE OF OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CASH BASIS
GENERAL FUND - REGULATORY SERVICES
FOR THE YEAR ENDED JUNE 30, 1988

	BANKING DEPARTMENT	DEPARTMENT OF MINES	OKLAHOMA HORSE RACING COMMISSION	OKLAHOMA BOARD OF PRIVATE SCHOOLS
REVENUES:				
Taxes	$ 0	$ 0	$ 0	$ 0
Licenses, fees and permits	12,200	566,326	0	0
Income from money and property	0	0	0	0
Federal funds	0	844,455	0	0
Other	412	57,263	763,329	0
TOTAL REVENUES	12,612	1,468,044	763,329	0
EXPENDITURES:				
Personal services	1,528,748	1,719,238	630,903	72,832
Travel	247,941	41,154	27,356	1,719
Contractual services	67,386	177,879	142,006	8,321
Supplies and materials	14,184	42,002	20,802	1,938
Equipment	7,611	22,652	10,341	2,112
Assistance, retirement and grants	0	0	0	0
Other charges	22,713	13,488	680,082	450
Inter/Intra agency payments	18,845	141,191	129,298	2,352
Payments to local governments	0	25	0	0
Land and structures	0	0	0	0
TOTAL EXPENDITURES	1,907,428	2,157,629	1,640,788	89,724
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,894,816)	(689,585)	(877,459)	(89,724)
OTHER FINANCING SOURCES (USES):				
Transfers in	0	9,504	2,590	16,673
Transfers out	(236,840)	(9,504)	(157,606)	0
State appropriations	2,045,959	845,700	1,119,805	101,391
TOTAL OTHER FINANCING SOURCES (USES)	1,809,119	845,700	964,789	118,064
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(85,697)	156,115	87,330	28,340
FUND BALANCE, JULY 1, 1987	349,563	122,075	318,434	0
FUND BALANCE, JUNE 30, 1988	$ 263,866	$ 278,190	$ 405,764	$ 28,340

INSURANCE COMMISSIONER	BOARD OF NURSING HOMES	MINING BOARD	SECURITIES COMMISSION	DEPARTMENT OF CONSUMER CREDIT	LIQUEFIED PETROLEUM GAS BOARD	DEPARTMENT OF LABOR	TOTAL
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 971,692	$ 971,692
1,509,381	0	0	3,282	1,462	0	0	2,092,651
0	0	0	0	0	0	0	0
0	0	0	0	0	0	602,716	1,447,171
0	0	0	1,004,302	0	0	129,348	1,954,654
1,509,381	0	0	1,007,584	1,462	0	1,703,756	6,466,168
2,427,098	88,960	0	1,007,347	403,335	183,787	2,206,395	10,268,643
25,500	3,786	0	30,774	33,453	12,697	119,000	543,380
235,249	26,228	0	128,129	13,086	9,684	249,401	1,057,369
107,742	1,921	0	9,852	5,412	5,328	72,558	281,739
51,711	0	0	24,309	3,973	8,238	124,996	255,943
0	0	0	0	0	0	0	0
29,022	1,173	0	7,657	1,450	2,497	35,237	793,769
296,983	0	0	22,923	31,751	29,502	173,827	846,672
0	0	0	0	0	0	0	25
0	0	0	0	0	0	0	0
3,173,305	122,068	0	1,230,991	492,460	251,733	2,981,414	14,047,540
(1,663,924)	(122,068)	0	(223,407)	(490,998)	(251,733)	(1,277,658)	(7,581,372)
0	50,000	0	0	10,000	9,423	188,014	286,204
(2,297)	(56,111)	(6,658)	(354,575)	(18,516)	(5,800)	(41,068)	(888,975)
2,199,095	169,944	0	661,029	520,459	242,478	1,313,375	9,219,235
2,196,798	163,833	(6,658)	306,454	511,943	246,101	1,460,321	8,616,464
532,874	41,765	(6,658)	83,047	20,945	(5,632)	182,663	1,035,092
1,109,803	17,696	6,658	1,014,062	24,485	11,355	285,722	3,259,853
$ 1,642,677	$ 59,461	$ 0	$ 1,097,109	$ 45,430	$ 5,723	$ 468,385	$ 4,294,945

STATE OF OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CASH BASIS
SPECIAL REVENUE FUND - GENERAL GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 1988

	DEPARTMENT OF COMMERCE	TRUCKING INDUS. RES/DEV COMMISSION	OKLAHOMA TAX COMMISSION	TOTAL
REVENUES:				
Taxes	$ 0	$ 0	$ 9,062,122	$ 9,062,122
Licenses, fees and permits	0	0	0	0
Income from money and property	4,208	0	259,448	263,656
Federal funds	63,452,925	0	0	63,452,925
Other	856,707	400,000	317	1,257,024
TOTAL REVENUES	64,313,840	400,000	9,321,887	74,035,727
EXPENDITURES:				
Personal services	1,341,587	355,555	82,466	1,779,608
Travel	114,080	0	0	114,080
Contractual services	53,284	0	157,201	210,485
Supplies and materials	2,708	0	0	2,708
Equipment	26,604	0	0	26,604
Assistance, retirement and grants	2,454	0	0	2,454
Other charges	22,082	0	0	22,082
Inter/Intra agency payments	5,288,123	0	0	5,288,123
Payments to local governments	57,441,098	0	3,133,849	60,574,947
Land and Structures	0	0	0	0
TOTAL EXPENDITURES	64,292,020	355,555	3,373,516	68,021,091
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	21,820	44,445	5,948,371	6,014,636
OTHER FINANCING SOURCES (USES):				
Transfers in	95,587	0	647,543	743,130
Transfers out	(50,247)	0	(7,100,109)	(7,150,356)
State appropriations	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	45,340	0	(6,452,566)	(6,407,226)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	67,160	44,445	(504,195)	(392,590)
FUND BALANCE, JULY 1, 1987	493,724	0	5,836,340	6,330,064
FUND BALANCE, JUNE 30, 1988	$ 560,884	$ 44,445	$ 5,332,145	$ 5,937,474

STATE OF OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CASH BASIS
SPECIAL REVENUE FUND - EDUCATION
FOR THE YEAR ENDED JUNE 30, 1988

	REGENTS FOR OKLAHOMA COLLEGES	STATE ANATOMICAL BOARD	TOTAL
REVENUES:			
Taxes	$ 0	$ 0	$ 0
Licenses, fees and permits	0	0	0
Income from money and property	0	0	0
Federal funds	0	0	0
Other	194,920	16,422	211,342
TOTAL REVENUES	194,920	16,422	211,342
EXPENDITURES:			
Personal services	131,602	2,904	134,506
Travel	16,382	0	16,382
Contractual services	9,294	3,633	12,927
Supplies and materials	3,328	445	3,773
Equipment	9,404	0	9,404
Assistance, retirement and grants	0	0	0
Other charges	3,894	0	3,894
Inter/Intra agency payments	23,530	0	23,530
Payments to local governments	0	0	0
Land and structures	0	0	0
TOTAL EXPENDITURES	197,434	6,982	204,416
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,514)	9,440	6,926
OTHER FINANCING SOURCES (USES):			
Transfers in	0	35	35
Transfers out	0	(35)	(35)
State appropriations	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(2,514)	9,440	6,926
FUND BALANCE, JULY 1, 1987	17,950	1,912	19,862
FUND BALANCE, JUNE 30, 1988	$ 15,436	$ 11,352	$ 26,788

STATE OF OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CASH BASIS
SPECIAL REVENUE FUND - TRANSPORTATION
FOR THE YEAR ENDED JUNE 30, 1988

	DEPARTMENT OF TRANSPORTATION
REVENUES:	
Taxes	$ 231,169,561
Licenses, fees and permits	345,429
Income from money and property	4,911,254
Federal funds	156,885,930
Other	14,033,051
TOTAL REVENUES	407,345,225
EXPENDITURES:	
Personal services	84,996,566
Travel	831,748
Contractual services	312,291,256
Supplies and materials	30,187,703
Equipment	11,214,720
Assistance, retirement and grants	16,631
Other charges	2,353,485
Inter/Intra agency payments	11,546,035
Payments to local governments	13,093,950
Land and structures	11,742,096
TOTAL EXPENDITURES	478,274,190
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(70,928,965)
OTHER FINANCING SOURCES (USES):	
Transfers in	10,057,754
Transfers out	(9,732,348)
State appropriations	9,315,309
TOTAL OTHER FINANCING SOURCES (USES)	9,640,715
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(61,288,250
FUND BALANCE, JULY 1, 1987	132,077,558
FUND BALANCE, JUNE 30, 1988	$ 70,789,308

STATE OF OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CASH BASIS
SPECIAL REVENUE FUND - HEALTH & SOCIAL SERVICES
FOR THE YEAR ENDED JUNE 30, 1988

	EMPLOYMENT SECURITY COMMISSION
REVENUES:	
Taxes	$ 0
Licenses, fees and permits	0
Income from money and property	0
Federal funds	35,743,421
Other	1,313,182
TOTAL REVENUES	37,056,603
EXPENDITURES:	
Personal services	24,611,402
Travel	590,898
Contractual services	3,208,468
Supplies and materials	913,125
Equipment	2,726,972
Assistance, retirement and grants	0
Other charges	96,904
Inter/Intra agency payments	1,082,784
Payments to local governments	0
Land and structures	1,512
TOTAL EXPENDITURES	33,232,065
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,824,538
OTHER FINANCING SOURCES (USES):	
Transfers in	2,424
Transfers out	(3,113,119)
State appropriations	0
TOTAL OTHER FINANCING SOURCES (USES)	(3,110,695)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	713,843
FUND BALANCE, JULY 1, 1987	456,820
FUND BALANCE, JUNE 30, 1988	$ 1,170,663

STATE OF OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CASH BASIS
SPECIAL REVENUE FUND - LAW, JUSTICE, & PUBLIC SAFETY
FOR THE YEAR ENDED JUNE 30, 1988

	WORKMAN'S COMPENSATION COURT	CIVIL DEFENSE	TOTAL
REVENUES:			
Taxes	$ 3,868,476	$ 0	$ 3,868,476
Licenses, fees and permits	389,719	0	389,719
Income from money and property	0	0	0
Federal funds	0	10,073,498	10,073,498
Other	36,106	352,581	388,687
TOTAL REVENUES	4,294,301	10,426,079	14,720,380
EXPENDITURES:			
Personal services	2,007,244	766,655	2,773,899
Travel	49,729	94,354	144,083
Contractual services	241,118	1,424,842	1,665,960
Supplies and materials	87,931	20,942	108,873
Equipment	902,099	28,793	930,892
Assistance, retirement and grants	0	0	0
Other charges	16,445	6,907	23,352
Inter/Intra agency payments	118,009	486,176	604,185
Payments to local governments	0	9,282,597	9,282,597
Land and structures	65,090	0	65,090
TOTAL EXPENDITURES	3,487,665	12,111,266	15,598,931
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	806,636	(1,685,187)	(878,551)
OTHER FINANCING SOURCES (USES):			
Transfers in	1,136,360	1,871,523	3,007,883
Transfers out	(2,895,949)	(25,393)	(2,921,342)
State appropriations	0	411,789	411,789
TOTAL OTHER FINANCING SOURCES (USES)	(1,759,589)	2,257,919	498,330
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(952,953)	572,732	(380,221)
FUND BALANCE, JULY 1, 1987	3,993,438	209,283	4,202,721
FUND BALANCE, JUNE 30, 1988	$ 3,040,485	$ 782,015	$ 3,822,500

STATE OF OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CASH BASIS
SPECIAL REVENUE FUND - RECREATION & NATURAL RESOURCES
FOR THE YEAR ENDED JUNE 30, 1988

	WILDLIFE CONSERVATION COMMISSION
REVENUES:	
Taxes	$ 102,335
Licenses, fees and permits	11,397,698
Income from money and property	326,554
Federal funds	6,026,438
Other	1,109,245
TOTAL REVENUES	18,962,270
EXPENDITURES:	
Personal services	9,640,539
Travel	139,309
Contractual services	939,880
Supplies and materials	1,319,465
Equipment	1,219,405
Assistance, retirement and grants	1,361,333
Other charges	2,547,943
Inter/Intra agency payments	476,498
Payments to local governments	204,229
Land and structures	3,178,951
TOTAL EXPENDITURES	21,027,552
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,065,282)
OTHER FINANCING SOURCES (USES):	
Transfers in	16,650
Transfers out	(16,650)
State appropriations	0
TOTAL OTHER FINANCING SOURCES (USES)	0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(2,065,282)
FUND BALANCE, JULY 1, 1987	5,857,119
FUND BALANCE, JUNE 30, 1988	$ 3,791,837

STATE OF OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CASH BASIS
SPECIAL REVENUE FUND - REGULATORY SERVICES
FOR THE YEAR ENDED JUNE 30, 1988

	BOARD OF ACCOUNTANCY	WHEAT COMMISSION	PORK UTILIZATION COMMISSION	SPEECH PATH-OLOGY & AUDI-OLOGY BOARD	BOARD OF LICENSED ARCHITECTS
REVENUES:					
Taxes	$ 0	$ 0	$ 0	$ 0	$ 0
Licenses, fees and permits	500,427	619,445	0	20,057	251,733
Income from money and property	0	30,103	0	0	0
Federal funds	0	0	0	0	0
Other	10,958	50	0	0	7,891
TOTAL REVENUES	511,385	649,598	0	20,057	259,624
EXPENDITURES:					
Personal services	219,027	176,543	0	16,724	61,422
Travel	25,576	30,940	0	0	11,657
Contractual services	96,128	344,851	0	2,950	16,121
Supplies and materials	112,100	7,769	0	40	10,040
Equipment	4,925	2,329	0	0	0
Assistance, retirement and grants	0	0	0	0	0
Other charges	4,877	124,121	0	0	1,805
Inter/Intra agency payments	30,373	49,345	0	35	8,433
Payments to local governments	0	0	0	0	0
Land and structures	0	0	0	0	0
TOTAL EXPENDITURES	493,006	735,898	0	19,749	109,478
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	18,379	(86,300)	0	308	150,146
OTHER FINANCING SOURCES (USES):					
Transfers in	11	352	0	0	250
Transfers out	(11)	(352)	0	0	(250)
State appropriations	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	18,379	(86,300)	0	308	150,146
FUND BALANCE, JULY 1, 1987	753,344	380,798	723	3,492	87,014
FUND BALANCE, JUNE 30, 1988	$ 771,723	$ 294,498	$ 723	$ 3,800	$ 237,160

SHEEP AND WOOL COMMISSION	BEEF COMMISSION	BURIAL BOARD	BOARD OF CHIROPODY	BOARD OF CHIROPRACTIC EXAMINERS	CORPORATION COMMISSION	COSMETOLOGY BOARD
$ 0	$ 0	$ 0	$ 0	$ 0	$ 4,352,207	$ 0
15,105	4,050,000	45,530	3,015	35,089	3,287,390	434,148
0	8,881	0	0	0	224,271	0
0	0	0	0	0	769,247	0
0	0	0	0	0	903,903	0
15,105	4,058,881	45,530	3,015	35,089	9,537,018	434,148
10,121	287,442	40,396	1,599	26,063	11,484,401	282,107
1,923	11,423	3,179	0	5,700	326,895	40,779
2,000	2,793,515	1,799	251	7,538	438,220	35,879
0	29,280	0	463	2,447	134,934	11,743
0	938	0	0	319	94,582	8,179
0	596,214	0	0	0	0	0
0	429,903	0	254	1,013	99,331	3,686
0	49,360	217	0	407	1,287,002	22,981
0	0	0	0	0	0	0
0	0	0	0	0	0	0
14,044	4,198,075	45,591	2,567	43,487	13,865,365	405,354
1,061	(139,194)	(61)	448	(8,398)	(4,328,347)	28,794
0	50	0	0	173	398	0
0	(50)	0	0	(173)	(14,313,621)	0
0	0	0	0	0	4,533,645	0
0	0	0	0	0	(9,779,578)	0
1,061	(139,194)	(61)	448	(8,398)	(14,107,925)	28,794
1,124	603,933	31,997	9,539	31,919	16,526,764	62,489
$ 2,185	$ 464,739	$ 31,936	$ 9,987	$ 23,521	$ 2,418,839	$ 91,283

STATE OF OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CASH BASIS
SPECIAL REVENUE FUND - REGULATORY SERVICES
FOR THE YEAR ENDED JUNE 30, 1988

	DENTAL BOARD	BOARD OF LICENSED SOCIAL WORKERS	BOARD OF REGISTERED SANITARIANS	BOARD OF EMBALMERS AND FUNERAL DIRECTORS	INTERSTATE OIL COMPACT COMMISSION
REVENUES:					
Taxes	$ 0	$ 0	$ 0	$ 0	$ 227,458
Licenses, fees and permits	207,609	49,278	5,671	94,193	0
Income from money and property	0	0	0	0	0
Federal funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL REVENUES	207,609	49,278	5,671	94,193	227,458
EXPENDITURES:					
Personal services	76,314	31,152	2,990	58,887	47,755
Travel	14,964	1,621	74	4,562	8,741
Contractual services	36,080	7,305	202	10,699	110,736
Supplies and materials	2,697	879	28	1,541	326
Equipment	1,224	0	0	4,151	0
Assistance, retirement and grants	0	0	0	0	0
Other charges	2,927	5,190	108	777	45,270
Inter/Intra agency payments	21,633	0	0	2,504	1,024
Payments to local governments	0	0	0	0	0
Land and structures	0	0	0	0	0
TOTAL EXPENDITURES	155,839	46,147	3,402	83,121	213,852
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	51,770	3,131	2,269	11,072	13,606
OTHER FINANCING SOURCES (USES):					
Transfers in	262	0	0	390	0
Transfers out	(262)	0	0	(390)	0
State appropriations	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	51,770	3,131	2,269	11,072	13,606
FUND BALANCE, JULY 1, 1987	328,589	47,490	2,097	104,378	102,976
FUND BALANCE, JUNE 30, 1988	$ 380,359	$ 50,621	$ 4,366	$ 115,450	$ 116,582

BOARD OF REGISTERED FORESTERS	BOARD OF VETERINARY MEDICAL EXAMINERS	BOARD OF LANDSCAPE ARCHITECTS	BOARD OF PHARMACY	REAL ESTATE COMMISSION	USED MOTOR VEHICLE & PARTS COMMISSION	BOARD OF MEDICAL EXAMINERS	MOTOR VEHICLE COMMISSION
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
538	59,745	351,417	176,566	815,760	0	1,152,500	286,171
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	1,280	0	0	35,986	370,522	0	0
538	61,025	351,417	176,566	851,746	370,522	1,152,500	286,171
0	21,318	115,539	212,733	602,609	230,209	641,107	145,323
209	11,850	10,518	58,580	25,633	39,602	13,081	10,106
100	6,774	75,047	26,193	91,882	37,852	111,589	16,630
0	3,631	24,110	4,863	5,640	9,646	48,255	2,417
0	0	463	8,001	40,801	2,533	131,843	9,341
0	0	0	0	0	0	0	0
0	394	2,397	3,178	4,441	1,143	8,318	17,371
47	28	10,594	8,310	104,573	1,970	35,393	6,740
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
356	43,995	238,668	321,858	875,579	322,955	989,586	207,928
182	17,030	112,749	(145,292)	(23,833)	47,567	162,914	78,243
0	0	850	0	0	55	0	0
0	0	(850)	0	(94,805)	(55)	0	0
0	0	0	0	0	0	0	0
0	0	0	0	(94,805)	0	0	0
182	17,030	112,749	(145,292)	(118,638)	47,567	162,914	78,243
2,131	128,235	555,693	205,552	498,062	133,517	150,540	205,873
$ 2,313	$ 145,265	$ 668,442	$ 60,260	$ 379,424	$ 181,084	$ 313,454	$ 284,116

STATE OF OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CASH BASIS
SPECIAL REVENUE FUND - REGULATORY SERVICES
FOR THE YEAR ENDED JUNE 30, 1988

	SOYBEAN COMMISSION	BOARD OF NURSE REGISTRATION	BOARD OF OPTOMETRY	BOARD OF OSTEOPATHY	PEANUT COMMISSION
REVENUES:					
Taxes	$ 0	$ 0	$ 0	$ 0	$ 0
Licenses, fees and permits	40,500	657,385	34,480	48,017	206,403
Income from money and property	0	0	0	0	10,776
Federal funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL REVENUES	40,500	657,385	34,480	48,017	217,179
EXPENDITURES:					
Personal services	7,845	427,387	11,242	57,489	74,198
Travel	581	16,242	7,716	3,357	12,123
Contractual services	16,123	85,037	3,111	19,034	23,416
Supplies and materials	0	7,346	538	161	3,750
Equipment	0	38,300	216	0	651
Assistance, retirement and grants	0	0	0	0	0
Other charges	0	12,467	577	1,450	12,179
Inter/Intra agency payments	16,500	29,009	2,025	0	36,000
Payments to local governments	0	0	0	0	25,200
Land and structures	0	0	0	0	0
TOTAL EXPENDITURES	41,049	615,788	25,425	81,491	187,517
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(549)	41,597	9,055	(33,474)	29,662
OTHER FINANCING SOURCES (USES):					
Transfers in	0	147	110	56	20
Transfers out	0	(147)	(110)	(56)	(20)
State appropriations	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(549)	41,597	9,055	(33,474)	29,662
FUND BALANCE, JULY 1, 1987	12,248	1,030,258	73,268	73,973	248,846
FUND BALANCE, JUNE 30, 1988	$ 11,699	$ 1,071,855	$ 82,323	$ 40,499	$ 278,508

PECAN COMMISSION	BOARD OF EXAMINERS OF PSYCHOLOGISTS	TOTAL
$ 0	$ 0	$ 4,579,665
15,000	46,871	13,510,043
0	0	274,031
0	0	769,247
0	0	1,330,590
15,000	46,871	20,463,576
14,562	25,551	15,410,055
2,074	2,621	702,327
1,946	2,104	4,421,112
325	3,180	428,149
0	0	348,796
0	0	596,214
5	1,131	784,313
3,971	2,405	1,730,879
0	0	25,200
0	0	0
22,883	36,992	24,447,045
(7,883)	9,879	(3,983,469)
51	0	3,175
(51)	0	(14,411,203)
0	0	4,533,645
0	0	(9,874,383)
(7,883)	9,879	(13,857,852)
21,707	23,564	22,442,133
$ 13,824	$ 33,443	$ 8,584,281

STATISTICAL AND ECONOMIC DATA

UNAUDITED

HIGHER EDUCATION INSTITUTIONS - PRIVATE

1. University of Tulsa
2. Bartlesville Wesleyan College
3. Southern Nazarene College
4. Flaming Rainbow/UWW
5. Midwest Christian College
6. Oklahoma Baptist University
7. Oklahoma Christian College
8. Oklahoma City University
9. Oklahoma Missionary Baptist College
10. Oral Roberts University
11. Phillips University
12. Bacone College
13. Hillsdale Free Will Baptist College
14. St. Gregory's College
15. Southwestern College of Christian Ministries
16. Spartan College of Aeronautics
17. Oklahoma School of Business and Technology (Oklahoma City Branch and Tulsa Branch)
18. Mid-America Bible College

STATE OF OKLAHOMA
STATE COLLEGES AND UNIVERSITIES

HIGHER EDUCATION INSTITUTIONS - PUBLIC

1. University of Oklahoma (Norman Campus, Law City Center, and Geological Survey).
2. University of Oklahoma Health Sciences Center
3. Oklahoma State University (Stillwater Campus, School of Technical Training at Okmulgee, the College of Veterinary Medicine, the Oklahoma City Technical Institute, the Agricultural Experiment Station, and the Agricultural Extension Division).
4. Central State University
5. East Central State University
6. Northeastern State University
7. Northwestern State University
8. Southeastern State University
9. Southwestern State University
10. Cameron University
11. Langston University
12. Panhandle State University
13. University of Science and Arts
14. Oklahoma College of Osteopathic Medicine and Surgery
15. Carl Albert Junior College
16. Connors State College
17. Eastern Oklahoma State College
18. El Reno Junior College
19. Murray State College
20. Northeastern Oklahoma A&M College
21. Northern Oklahoma College
22. Oklahoma City Community College
23. Rogers State College
24. Rose State College
25. Seminole Junior College
26. Tulsa Junior College
27. Western Oklahoma State College
28. Sayre Junior College

STATE OF OKLAHOMA
TAX RATES

BASIS FOR ASSESSMENT OF:

Personality -	35% of fair cash value, except stocks of goods assessed on basis of certain average values. For 1982 and subsequent, the Oklahoma Supreme Court has ordered all taxable property be assessed at 12% of taxable value with permissible intercounty deviations of not more than 3% above or below mean ratio.
Realty -	Not greater than 35% of fair cash value for the highest and best use for which property was actually used, or was previously classified for use, during the calendar year next preceding the first day of January on which the assessment is made. For the tax year 1982 and subsequently, the Oklahoma Supreme Court has ordered that all taxable property be assessed at 10-15% of taxable value with permissible intercounty deviations of not more than 3% above or below mean ratio.

STATE OF OKLAHOMA
TAX COLLECTIONS
1979 THRU 1988

Taxes	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Alcoholic Beverage Excise Tax	20,641,000	20,032,716	19,659,551	24,968,982	18,436,200	21,120,938	23,328,048	21,120,555	21,081,705	22,214,581
Aircraft Excise Tax	0	0	0	0	0	0	1,103,044	1,149,716	1,017,326	1,015,552
Beverage Tax	16,820,885	17,353,339	18,624,928	20,265,073	20,121,477	18,383,350	18,232,271	18,413,386	18,136,392	19,919,603
Bus Mileage Tax	136,325	169,874	155,931	131,674	136,141	120,437	109,032	5,968	0	0
Documentary Stamp	4,524,494	4,534,934	4,771,362	4,819,187	5,440,874	7,146,780	6,596,630	5,758,091	5,351,399	5,040,471
Cigarette Tax	45,770,883	76,335,391	73,597,485	78,535,400	77,767,801	74,396,687	72,046,774	68,981,588	65,865,910	77,080,675
Conservation Excise Tax	36,026,743	27,620,788	21,775,166	16,129,306	11,994,390	11,140,437	9,035,706	7,177,378	6,482,791	3,654,930
Franchise Tax	13,283,909	16,306,667	17,784,226	21 006,311	26,053,164	29,602,595	30,840,958	31,169,123	31,545,284	28,931,715
Freight Car Tax	489,012	618,285	884,246	911,490	1,247,319	1,246,956	1,240,982	1,184,426	750,665	1,126,371
Fuels Excise Tax	1,575,303	1,470,131	1,446,598	1.534,963	1,529,205	1,529,533	1,514,196	1,505,930	1,542,794	1,414,686
Gasoline Excise Tax	117,895,914	108,732,506	105,696,596	110,910,281	100,939,838	115,115,414	152,641,088	164,639,197	164,540,443	258,242,792
Gross Production Tax	241,994,676	405,070,167	558,067,120	718,888,644	761,250,105	694,951,766	691,359,849	566,304,982	354,297,027	376,687,559
Income Tax	408,869,705	464,900,589	489,992,806	618,228,275	749,565,268	737,382,128	833,002,927	816,500,830	764,353,909	900,283,045
Inheritance & Estate Tax	25,443,372	26,556,792	36,761,779	40,415,285	32,639,844	31,673,548	38,075,279	39,545,439	47,392,660	39,851,538
Unclaimed Property Tax	134,641	264,336	272,447	358,291	536,610	4,249,055	3,790,489	3,464,839	4,375,908	3,247,327
Insurance Premium Tax	49,535,803	50,512,158	71,733,295	32,082,418	88,203,919	67,966,841	69,355,505	71,905,261	84,474,663	124,877,675
Assessments-Workers' Comp. Awards	1,155,210	1,460,348	1,878,067	2,154,522	3,293,681	3,425,989	4,599,960	6,644,239	8,248,489	7,691.932
Workers' Comp. Ins. Premium Tax	2,424,093	3,560,3[illegible]	4,185,883	4,427,721	4,944,991	11,116,996	2,005,809	3,613,504	3,914,455	3,[illegible],504
Motor Vehicle Excise Tax	46,695,089	52,056,651	62,365,246	72,478,196	61,302,217	57,437,045	59,273,625	0	0	0
Vehicle Revenue Tax	15,461	15,300	13,937	15,691	15,507	12,897	12,636	15.062	27,318	32,047
Boat & Motor Excise Tax	925,882	1,194,419	900,388	1,067,442	1,246,303	1,397,899	1,370,859	0	0	0
Rental Tax on Motor Vehicles	0	0	0	0	154,931	509,909	606,820	0	0	0
Pari-Mutuel Taxes	0	0	0	0	0	0	2,098,760	1,471,348	1,020,203	1.016,656
Pari-Mutuel Exotic Wager	0	0	0	0	0	0	25,144	268.312	436,006	483,115
Pari-Mutuel Pick\Six Tax	0	0	0	0	0	0	0	0	90,198	124,095
Petroleum Excise Tax	2,960,336	4,842,378	6,922,413	8,635,665	8,996,079	8,195,563	8,397,877	6.918,829	4,219,160	4.556,465
Rural Electric Co-operative Tax	4,971,287	5,671.364	7,237,711	8,396,415	11,205,056	12.721,744	12,537,918	12,440,523	11,795,434	12.026,972
Sales Tax	257,920,365	284,939,759	356,649,450	436,851.376	380,721,917	432,460,367	595,013,537	617,443.790	581.637,904	719,501,590
City Sales Tax	3,098,156	3,493,206	3.767,099	2,059,671	568	1.690,684	4,884,412	5,236,029	5,013,423	5,969,927
Special Fuel Use Tax	11,301,362	335,267	406,323	482,627	446,523	366,847	460,058	453,117	454,941	641,692
Special Fuel Decal	176,939	522,182	861,218	1,055,832	996,695	879,851	779,695	708,579	570,865	529,677
Diesel Fuel Excise Tax	7,027,537	19,671,539	20,663,122	23,499,482	23,834,741	25,961,559	34,594,940	40,508,868	37,023,003	49,494,439
Tobacco Products Tax	4,172,618	4,433,739	3,659,127	3,412.325	3,433,528	3,284,041	3,220,197	6,942,518	7,469,579	7,588.429
Use Tax	19,693,695	20,785,659	25,999,777	42,100,549	28,408,489	22,946,520	30,024,918	33,207,742	26,019,926	31,916,562
Collect/Rem. City Use Tax	0	0	0	0	0	0	12,508	77,727	91,566	109,280
Occupational Health & Safety Tax	223,155	311,429	384,362	452,843	658,681	686,721	896,376	904,793	1,049,230	967,327
Other Taxes	1,746,669	2,171,062	2,347,527	3,000,572	3,168,211	2,881,928	2,899,331	4,520,493	5,644,290	5,029,881
Income Tax Res. (Prior Year)	0	0	120,192,748	132,727,483	168,829,363	0	0	0	0	0
Gift Tax	1,079,907	1,620,973	2,154,888	143,769	0	0	0	900,009	6,219	0
Mixed Beverage Gross Receipts Tax	0	0	0	0	0	0	0	9,793,850	9,910,126	11,006,317
Sales Vendors Lists	0	0	0	0	0	0	0	1,059	2,559	3,209
Sales Tax Permit	0	0	0	0	0	0	0	659,924	809,067	295,826
Tag Agent Remittance Tax	0	0	0	0	0	0	0	360,230,338	333,223,446	346,570,940
Group Self-insurance Prem. Tax	0	0	0	0	0	0	0	0	23,034	55,849
County Sales Tax	0	0	0	0	0	0	0	0	298,452	328,241
Telephone Surcharge	0	0	0	0	0	0	0	0	633,910	834,843
Coin Oper Device Decal	0	0	0	0	0	0	0	0	5	724,381
Tourism Gross Receipt Tax	0	0	0	0	0	0	0	0	0	1,073,877
Unclassified Tax Receipts	0	0	0	0	0	0	0	0	0	897,732
Total	1,347,759,306	1,637,580,232	2,041,772,742	2,43[illegible],862,889	2,595,519,545	2,402,115,025	2,716,779,876	2,931,627.154	2,592,351,781	3,076,626,396

STATE OF OKLAHOMA
REVENUES AND EXPENDITURES
BY CATEGORY
FOR THE YEARS 1979 THROUGH 1988

	1979	1980	1981	1982
Revenues by Source:				
Taxes	$ 1,347,759,306	$ 1,637,580,232	$ 2,041,772,742	$ 2,432,862,889
Licenses, Permits, & Fees	149,567,543	159,786,508	174,618,014	209,844,760
Fines, Forfeits, & Penalties	522,260	564,542	591,068	736,231
Income From Money and Property	120,446,612	162,665,965	189,538,800	258,612,142
Grants, Refunds, and Reimbursements	818,567,258	951,358,894	1,030,528,899	1,037,326,128
Higher Education	48,126,570	49,732,023	58,222,058	57,102,393
Sales & Services	92,886,730	106,323,349	113,285,364	137,286,679
Non-Revenue Receipts	219,600,562	285,148,358	373,335,119	571,935,282
Total Collections	$ 2,797,476,841	$ 3,353,159,871	$ 3,981,892,064	$ 4,705,706,504
Expenditures by Function of Government:				
Education	$ 1,094,569,813	$ 1,284,695,387	$ 1,494,540,145	$ 1,725,043,392
General Government	100,120,256	105,584,343	113,147,166	116,657,495
Health Services	77,667,530	92,675,599	117,524,000	152,994,782
Legal & Judiciary	18,802,065	22,189,619	26,797,230	32,096,402
Museums	5,144,051	3,574,752	4,661,400	5,644,091
Natural Resources	49,137,796	59,780,108	72,944,964	83,076,484
Public Safety & Defense	90,293,141	101,812,974	119,342,861	141,804,066
Regulatory Services	31,664,285	37,535,016	45,323,595	54,516,880
Social Services	893,289,421	1,128,689,991	1,364,604,073	1,721,723,942
Transportation	328,509,822	386,873,914	441,771,621	450,302,578
Other Local Apportionments	7,828,239	8,999,903	8,642,943	11,329,228
Sinking Fund Payments On Bonded Debt	26,685,584	44,975,295	40,396,881	22,921,907
Total Expenditures	$ 2,723,712,003	$ 3,277,386,901	$ 3,849,696,879	$ 4,518,111,247

1983	1984	1985	1986	1987	1988
$ 2,595,519,545	$ 2,402,115,025	$ 2,716,759,876	$ 2,931,627,154	$ 2,592,351,781	$ 3,076,626,386
216,037,098	227,101,054	237,296,692	58,491,223	66,898,468	69,981,362
1,136,871	1,681,318	1,885,395	2,455,858	3,628,559	4,194,923
241,910,853	218,817,008	254,887,589	252,650,592	302,472,930	311,809,310
1,378,725,014	1,297,563,264	1,331,198,100	1,504,856,048	1,566,600,976	1,533,990,868
64,822,554	67,986,107	72,616,274	70,544,426	77,497,692	95,090,396
175,703,191	196,231,507	204,579,313	207,912,544	209,719,082	236,706,735
165,578,336	193,690,737	177,988,359	227,636,252	199,068,098	170,319,444
$ 4,839,433,462	$ 4,605,186,020	$ 4,997,211,598	$ 5,256,174,097	$ 5,018,237,586	$ 5,498,719,424
$ 1,976,207,950	$ 1,879,640,791	$ 1,928,473,960	$ 2,148,421,375	$ 2,018,172,787	$ 2,089,671,253
140,461,089	155,144,997	174,477,281	207,481,887	202,267,659	215,286,547
193,915,455	195,441,899	197,500,414	208,086,040	197,301,960	197,251,821
41,348,577	45,410,525	50,383,373	56,301,640	54,841,235	58,278,344
5,856,148	4,816,343	4,776,388	4,809,975	4,645,803	4,548,471
92,180,980	84,938,452	86,727,389	98,371,754	94,813,794	87,111,726
190,328,209	199,409,918	197,270,436	216,482,727	215,267,893	220,239,334
55,663,735	59,494,462	64,883,569	77,558,978	79,007,020	78,806,091
1,556,635,266	1,380,248,923	1,375,043,159	1,527,803,818	1,594,523,265	1,567,836,371
506,913,116	491,478,322	542,219,334	594,706,533	558,520,524	623,666,821
9,295,984	10,207,995	11,169,133	10,198,216	10,158,745	9,896,998
21,697,891	23,353,018	40,604,829	22,170,570	23,348,846	21,272,670
$ 4,790,504,400	$ 4,529,585,645	$ 4,673,529,265	$ 5,172,393,513	$ 5,052,869,531	$ 5,173,866,447

STATE OF OKLAHOMA
SCHOOL ENROLLMENTS
FOR THE YEARS 1979 THROUGH 1988

	1979	1980	1981	1982
PUBLIC SCHOOL ENROLLMENTS:				
Kindergarten	43,946	44,792	40,776	47,747
Elementary	259,668	260,851	263,799	267,258
Junior High School	120,727	117,493	117,681	120,366
Senior High School	165,086	162,284	157,540	153,891
Non-High School Districts(Grades 1-8)	18,915	19,145	18,924	18,792
Special Education	11,825	12,386	12,526	12,727
Total	620,167	616,951	611,246	620,781
HIGHER EDUCATION:				
Public	134,406	140,981	145,383	150,359
Private	22,884	23,241	23,365	22,972
Total	157,290	164,222	168,748	173,331
VOCATIONAL-TECHNICAL EDUCATION:				
37 Schools, 40 Campuses	17,664	19,135	19,249	19,205

1983	1984	1985	1986	1987
49,881	49,417	50,639	51,988	51,672
265,423	259,474	256,571	257,670	257,744
126,391	128,614	125,604	117,200	111,556
148,742	148,223	149,556	158,543	160,274
18,995	19,017	18,536	18,455	17,924
13,198	13,139	13,176	14,075	13,553
622,630	617,884	614,082	617,931	612,723
155,115	149,612	152,095	144,653	153,764
22,623	23,190	23,271	21,801	23,375
177,738	172,802	175,366	166,454	177,139
21,737	22,400	22,612	22,994	23,382

STATE OF OKLAHOMA
BANK DEPOSITS
FOR THE YEARS 1978 THROUGH 1988

	# of Banks	$ Amount of Deposits
1978	478	14,586,736,000
1979	489	16,891,716,000
1980	494	19,338,690,000
1981	500	23,715,183,000
1982	508	25,185,140,000
1983	525	26,084,046,000
1984	535	27,408,618,000
1985	533	27,353,988,000
1986	510	25,170,602,000
1987	485	23,539,958,000

* Unavailable

STATE OF OKLAHOMA
POPULATION ESTIMATE
FOR THE YEARS 1979 THROUGH 1988

	1979	1980	1981	1982
Population (estimates)	2,892,000	3,025,000	3,102,000	3,226,000
Labor Force	1,311,000	1,368,000	1,447,000	1,486,000
Total Employment	1,266,000	1,302,000	1,395,000	1,401,000
OK Unemployment Rate	3.4%	4.8%	3.6%	5.7%
U.S. Unemployment Rate	5.8%	7.2%	7.6%	9.7%
Land Area-Ranks 18th In Area	*	*	*	*
Land	*	*	*	*
Water	*	*	*	*

* Unavailable

1983	1984	1985	1986	1987	1988
3,298,000	3,310,000	3,301,000	3,305,000	3,272,000	3,278,000
1,552,000	1,555,000	1,573,000	1,593,000	1,564,000	1,517,100
1,412,000	1,446,000	1,462,000	1,462,000	1,449,000	1,419,200
9.0%	7.0%	7.1%	8.2%	7.4%	6.5%
9.6%	7.5%	7.2%	7.0%	6.1%	5.5%
*	*	*	69,956	*	69,957
*	*	*	68,655	*	68,656
*	*	*	1,301	*	1,301

STATE OF OKLAHOMA
ASSESSED VALUATIONS
FOR THE YEARS 1978 THROUGH 1988

	1978	1979	1980	1981
Real Estate & Improvements	$ 3,892,772,050	$ 4,161,437,538	$ 4,575,967,207	$ 4,894,740,336
Personal Property Subject To Tax	1,123,073,047	1,181,154,147	1,299,098,843	1,407,905,692
Total Locally Assessed	5,015,845,097	5,342,591,685	5,875,066,050	6,302,646,028
Homestead Exemptions Allowed	640,784,095	658,580,678	672,863,231	681,792,515
Net Assessed Locally	4,375,061,002	4,684,011,007	5,202,202,819	5,620,853,513
Public Service Assessment	1,314,687,481	1,402,060,759	1,526,826,995	1,645,813,587
Net Assessed Valuation	$ 5,689,748,483	$ 6,086,071,766	$ 6,729,029,814	$ 7,266,667,100

1982	1983	1984	1985	1986	1987	1988
$ 5,435,939,281	$ 5,796,335,842	$ 8,772,584,429	$ 7,047,987,592	$ 7,300,023,487	$ 7,618,401,728	$ *
1,610,835,393	1,631,201,139	2,249,870,712	1,757,107,925	1,787,727,758	1,791,565,856	*
7,046,774,674	7,427,536,981	11,022,455,141	8,805,095,517	9,087,751,245	9,409,967,584	
684,516,296	692,034,028	862,447,330	723,131,619	724,000,251	721,778,553	*
6,362,258,378	6,735,502,953	10,160,007,811	8,081,963,898	8,363,750,994	8,688,189,031	
1,733,671,253	1,778,200,959	2,379,624,612	1,801,904,755	1,873,102,144	1,894,166,293	*
$ 8,095,929,631	$ 8,513,703,912	$ 12,539,632,423	$ 9,883,868,653	$ 10,236,853,138	$ 10,582,355,324	$

* Unavailable

STATE OF OKLAHOMA

REPORT ON INTERNAL ACCOUNTING CONTROLS

FOR THE YEAR ENDED JUNE 30, 1988

1907

STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR
OKLAHOMA CITY

CLIFTON SCOTT
State Auditor and Inspector

100 State Capitol
Oklahoma City, OK 73105
405/521-3495

TO THE GOVERNOR OF THE
STATE OF OKLAHOMA

We have examined the general purpose financial statements of the State of Oklahoma, for the year ended June 30, 1988, and have issued our report thereon dated December 15, 1989. As part of our examination, we made a study and evaluation of the system of internal accounting control of the State of Oklahoma to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities, and Functions. For the purpose of this report, we have classified the significant internal accounting controls in the following categories:

° Treasury or financing
° Revenue/receipts
° Purchases/disbursements
° External financial reporting

Our study included all of the control categories listed above. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the States' financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of control identified above.

The management of the State of Oklahoma is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the State of Oklahoma, taken as a whole or on any of the categories of controls identified in the first paragraph. However, our study and evaluation disclosed the following conditions that we believe result in more than a relatively low risk that errors or irregularities in amounts that would be material in relation to the financial statements of the State of Oklahoma, may occur and not be detected within a timely period.

OFFICE OF STATE FINANCE

Computer System

Finding: There exits inherent weaknesses in the computer processing system of the Office of State Finance.

We recommend that programs and procedures be developed to address the existing weaknesses.

Management Response: These weaknesses will be addressed with the implementation of the ICS system, which management expects to be in place by fiscal year 1991.

Cost Allocation

Finding: There are no written procedures that document the process of formulating the cost allocation plan.

We recommend that written procedures be formulated that document each step of the allocation process.

Management Response: The cost allocation plan is prepared in conformance with the requirement of OMB Circular A-87. Recent plans were prepared on a contract basis (DMG) with major input changes from previous plans. Written procedures will be formulated once current plans are approved by the Department of Health and Human Services' Cost Allocation Division, and after Office of State Finance determines whether to continue the allocation basis established by DMG, or implementation of our own.

Finding: The number of accounts, warrants and vouchers as reported on the Office of State Finance summary on cost allocation plan, did not agree to the supporting documentation in some instances.

We recommend that the preparer of the plan use a worksheet to accumulate the data and document the source of each amount. This worksheet should then be reviewed and approved.

Management Response: Preparation of SWCAP is currently performed by a firm specializing in cost allocations on a contract basis. A cost allocation unit within Office of State Finance is being considered and if created, would establish new procedures for SWCAP preparation. Any recommendations provided will be reviewed for incorporation into any new procedures.

Finding: The Office does not receive the detailed documentation supporting the summary data used in the compilation of the cost allocation plan from the respective agencies.

We recommend that the Office obtain "raw" data used to develop the summaries from the agencies, including a reference to its source, for verification.

Management Response: This will be considered for future plans.

Central Services

Finding: Batch controls can be overridden.

We recommend that only designated administrative personnel be allowed to override controls.

Management Response: It is assumed the comment is regarding Office of State Finance transaction edits. We will review this procedure, however, the only edits which can be overridden (lifted) is for Social Security numbers (SS#) on travel claims and on certain edits for payrolls.

The SS# edit requires that the number match an authorized SS# within an agency. The edit is lifted only if it is determined that an employee is traveling on the behalf of another agency or is a new employee. Travel auditors are delegated this authority.

The payroll edits are lifted only under special circumstances where an otherwise valid payroll cannot be processed because of limits of a batch system. Under ICS, we will have the capability to perform on-line edits reflecting current information. Lifting of payroll edits are monitored closely in order to preform any post adjustments required.

Journal Vouchers

Finding: Journal vouchers are not reviewed and approved.

We recommend that non-routine journal vouchers be reviewed and approved by supervisory personnel in the agency.

Management Response: Only supervisors and authorized staff, performing routine functions, are currently preparing journal vouchers. The supervisors are currently preparing entries which could be considered non-routine. Better understanding of the effects of transactions submitted on journal vouchers will be stressed for both supervisors and authorized personnel preparing these entries.

Finding: Journal vouchers which had to be corrected when mistakes were found during data entry were not stamped as "processed" after the corrections had been made. Deletion or duplication of re-entered claim information is possible since the "edit" listings are not used as control documents for erroneous claims. There is not a single source or control listing for changes, deletions, etc. of claims.

Controls over reprocessing of claims rejected by the "edit" system should be established. Journal vouchers which need correction could be stamped as "rejected" and then when the journal voucher is accepted the "processed" stamp could be affixed to it.

Management Response: Erroneous reprocessing of claims and journal vouchers are very rare due to DCAR and data entry's diligent use of edit listings and system edits. However, better safeguards will be available upon the implementation of ICS.

Finding: Journal voucher totals are not adjusted when errors are discovered and changed in the detail.

We recommend that the total amount of the journal voucher be corrected when corrections are made to the document.

Management Response: Totals are not required for data entry nor necessary for the purpose of the entry. Entries are identified by transactions type and must be summarized for data entry reconciliation purposes. A journal voucher is only a form used for submission of single or multiple entries, not necessarily related, to achieve the required result. Our computer programs treat each entry as a stand alone item with a few exceptions, i.e., payroll fund transfers. This inherent weakness will be corrected with the new accounting system.

Finding: Journal vouchers do not consistently have references to the documentation from which the journal voucher was prepared.

We recommend that some type of reference to the source documents be noted on the journal voucher and attached.

Management Response: Procedures will be implemented to provide for reference to source documentation, purpose, or authorization for journal entry. References can be either notation on the journal to the source document on file in the Office of State Finance or an attached copy of the original source document on file in the Office of State Finance.

Reconciliations.

Finding: There is no review and approval of the monthly reconciliation with the State Treasurer's Office for accuracy.

We recommend that there be a review and approval by someone other than the preparer of the reconciliation.

Management Response: Procedures are being written to provide for review and approval of all formal reconciliations prepared by accounting personnel. The procedures will be implemented July 1, 1989.

Finding: Material changes are made to accounting records during the reconciliation process without supporting documentation.

We recommend that changes as a result of reconciliations be referenced to supporting documentation.

Management Response: Procedures were implemented during Fiscal Year 1988 to include, with a formal reconciliation, a copy of all necessary documentation.

Finding: Several changes were found to be made to the final run report used to reconcile fund accounts to the State Treasurer's Office for the month of June 1988.

We recommend that adjustments be made prior to the final run report being printed.

Management Response: Agree with recommendation. Adjustments have been made to final run when it was determined that adjustments that should have been made from pre-run were not made.
Current system constraints would not enable the re-submission of the job for the final run. However, this problem will be eliminated under ICS.

Finding: The computer program used to perform the reconciliation with the State Treasurer's Office picks up amounts for payroll and general revenue incorrectly. Adjustments have to be made for these accounts every month.

We recommend that the computer program be amended to correct this problem.

Management Response: This will be corrected with the implementation of ICS.

Certification of Funds

Finding: There are no written procedures that document the process of how and what data is collected for the certification of funds for appropriation.

We recommend that written procedures be formulated that documents each step of the process.

Management Response: Article X, Section 23 provides rather straightforward procedures to be followed for the certification of funds. More detailed written procedures will be formulated for Fiscal Year 1990.

OFFICE OF STATE TREASURER

Vault Controller

Finding: The vault controller is responsible for handling the cash assets, oversees the cashier's cage, the vault, deposit of monies and is in charge of the buying and selling activities between the vault and the cashier.

We recommend that the Treasurer's Office review the assigned duties of the vault controller to insure that all necessary controls are in place.

Management Response: The State Treasurer's Office recognized that certain weaknesses exist in this area and are currently in the process of making the necessary corrections.

Data Processing

Finding: The Office of State Treasurer's Data Processing section does not have an operations/procedures manual.

We recommend that an operation/procedures manual be developed for the Office.

Management Response: Operations/procedures are being written for the new IBM system and not for the old system.

Finding: There is no formal written disaster recovery plan in existence.

We recommend that a formal disaster recovery plan be written and approved. This should include a signed agreement with a firm or agency authorizing the Office to operate certain programs during emergency situations.

Management Response: A disaster recovery plan is being written for the new IBM system only.

Finding: There is no written policy for periodic scheduled changing of computer access passwords.

We recommend that a person be given the responsibility to insure that computer access passwords be changed on a periodic scheduling basis. We would also recommend the change be made at least twice each year.

Management Response: Passwords for the IBM computer are changed periodically by the operational software.

OKLAHOMA TAX COMMISSION

Finding: The Commission stores archival backup tapes at the Department of Libraries. The storage for the newer tapes is on a rack located under a group of steam and water pipes. Should these pipes break there could be some loss of data.

We recommend that the Commission work with Libraries to move the rack storage to an area that will not have the potential for tape damage.

DEPARTMENT OF HUMAN SERVICES

Finding: There is no formal disaster preparedness/recovery plan for the IBM System 38 in the Department's Finance Division.

We recommend that a written disaster plan be prepared and approved. This should include a signed agreement with a firm or agency authorizing the Department to operate certain programs during emergency situations. A provision should be included for periodic testing of the plan. This can be modeled after the guidelines prepared by the Office of State Finance.

Inventory

Finding: We were unable to determine the value of the inventory at the Department's construction warehouse. An accurate and complete inventory system is not in effect at the construction warehouse and the Department is carrying inventory on the records that appears to be obsolete.

We recommend procedures be implemented to provide effective control and accountability of all property.

General Expenditures

Finding: In our testing of claims paid by the Department, we examined the authorizing signatures on purchase documents (ADM-12, F-20, and F-21) and compared the signatures on those documents to signatures in the authorizing employee's personnel file. There were 29 instances where an authorizing employee's signature appeared to have been made by someone other than the authorizing employee. The Department has not established written criteria for the approval of purchase documents; however, allowing various employees to sign the authorizing employee's signature diminishes the credibility of the approval signature of an authorized employee.

We recommend the Department establish written criteria for approval of payment documents.

Cash Receipts

Finding: Most incoming receipts to the Department of Human Services are initially received by the Departmental Services Mail Room. These receipts are not recorded or restrictively endorsed prior to being submitted to the Finance Division Revenue Processing Unit for entry into the accounting records and preparation of deposits. Some receipts are sent to other various Divisions and Units of the Department prior to being sent to the Revenue Processing Unit. OMB Circular A-102, Attachment G,2(c) states that "Grantee financial management systems shall provide for effective control over and accountability for all funds, property, and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes." The Department has not established and implemented written policies and procedures for processing of incoming receipts.

We recommend written policies and procedures for processing of incoming receipts be prepared and implemented.

Warrant Control

Finding: A warrant control register is maintained by the Warrant Control Unit of the Finance Division. This register should be used as a control measure for the central accounting of all warrants generated, signed, and mailed by the Department. We found approximately 300 entries in this register which were incomplete, in error, or illegible.

We recommend the Department implement written procedures to ensure the warrant control register is accurate.

Cash Disbursements

Finding: The Finance Division Warrant Control Unit does not make a comparison between the number of warrants which the Finance Division's Data Processing Unit or the Management Information Division (MID) has generated and the number of warrants which have been received for signature. The recorded accountability for assets should be compared with the existing assets at reasonable intervals and appropriate action should be taken with respect to any differences. The counter on the warrant signing machine was inoperable.

We recommend the Finance Division Warrant Control Unit reconcile the number of warrants generated by MID and the Data Processing Unit to the number of warrants it receives for signature.

GENERAL COMMENTS

Finding: Numerous state agencies maintain inventories of consumable type assets. Many do not maintain adequate records and are unable to provide accurate quantity and cost information on the consumable inventories being maintained.

We recommend all state agencies possessing inventories of consumable assets develop a system to insure accurate inventory listings and that physical inventory counts be performed at or near year end on an annual basis.

Finding: The Office of Public Affairs has delegated its responsibility to maintain inventory records for fixed assets such as land, furniture and equipment to the various state agencies that have purchased and/or control these assets. There exists a lack of uniformity in the records being maintained by the various state agencies. Few state agencies currently are able to provide an accurate inventory listing of assets and their related costs.

We recommend all state agencies maintain complete and accurate listings of all fixed assets in their possession and that a physical count be performed at or near year end on an annual basis.

Finding: Several state agencies have not been depositing cash receipts on an daily basis with the State Treasurer's Office as required by State Statutes.

We have recommended to the state agencies involved that all cash receipts be deposited with the State Treasurer's Office on a daily basis.

Finding: Numerous state agencies do not have adequate segregation of duties for internal control purposes.

We recommend to those state agencies, that where practicable such duties be segregated to provide for adequate internal controls.

Finding: Numerous state agencies do not perform reconciliations with the Office of State Finance and the Office of the State Treasurer.

We recommend that all state agencies perform reconciliations with the Office of State Finance and the Office of the State Treasurer on a periodic basis.

Finding: Several institutions of higher education have not presented audited financial statements prepared in accordance with generally accepted accounting principles.

We recommend that such institutions of higher education have audits performed on their financial statements and that such statements be presented in accordance with generally accepted accounting principles.

Finding: The State accounting system is unable to provide all the necessary information to facilitate the preparation of the Statement of Changes in Financial Position for Proprietary Fund Types and Similar Trust Funds. The System also does not provide the information needed to present a fixed asset account group, or a capital projects fund type.

We recommend that the new accounting system currently under development by the Office of State Finance have the capability to enable the personnel of the Office of State Finance to prepare the financial statements of the State of Oklahoma in accordance with generally accepted accounting principles.

Finding: The State accounting system is unable to provide the necessary information to allow for the presentation of lease-purchase transactions in accordance with generally accepted accounting principles.

We recommend that the new accounting system currently under development provide the necessary information to report lease-purchase transactions in accordance with generally accepted accounting principles.

* * * * * * *

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied on our examination of the 1988 financial statements of the State of Oklahoma, and this report does not affect our report on the financial statements dated December 15, 1989.

This report is intended solely for the use of management and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which is a matter of public record.

Clifton H. Scott
CLIFTON H. SCOTT
State Auditor and Inspector

December 15, 1989

AUDITOR'S REPORT ON COMPLIANCE
BASED ON EXAMINATION OF THE GENERAL
PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1988

1907

STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR
OKLAHOMA CITY

CLIFTON SCOTT
State Auditor and Inspector

100 State Capitol
Oklahoma City, OK 73105
405/521-3495

TO THE GOVERNOR AND MEMBERS OF
LEGISLATURE OF THE STATE
OF OKLAHOMA

We have examined the general purpose financial statements of the State of Oklahoma, as of and for the year ended June 30, 1988, and have issued our report thereon dated December 15, 1989. Our examination was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The management of the State of Oklahoma is responsible for the state's compliance with laws and regulations. In connection with our examination referred to above, we selected and tested transactions and records to determine the state's compliance with laws and regulations noncompliance with which could have a material effect on the general purpose financial statements of the state.

The results of our tests indicate that for the items tested, the State of Oklahoma complied with those provisions of laws and regulations noncompliance with which could have a material effect on the general purpose financial statements. Nothing came to our attention that caused us to believe that for the items not tested the State of Oklahoma was not in compliance with laws or regulations noncompliance with which could have a material effect on the state's general purpose financial statements.

Clifton H. Scott

CLIFTON H. SCOTT
State Auditor and Inspector

December 15, 1989

REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE BY FEDERAL DEPARTMENT

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

1907

STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR
OKLAHOMA CITY

CLIFTON SCOTT
State Auditor and Inspector

100 State Capitol
Oklahoma City, OK 73105
405/521-3495

TO THE GOVERNOR AND MEMBERS OF
THE LEGISLATURE OF THE
STATE OF OKLAHOMA

We have examined the general purpose financial statements of the State of Oklahoma, as of and for the year ended June 30, 1988, and have issued our report thereon dated December 15, 1989. Our examination of such general purpose financial statements was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Federal Financial Assistance by Federal Department is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. We did not examine the financial statements of the Oklahoma Department of Commerce or the Oklahoma Student Loan Authority, nor the segments of the Schedule of Federal Financial Assistance related to the federal programs for which the Oklahoma Department of Commerce and the Oklahoma Student Loan Authority are the primary recipients. These statements and the related segments of the Schedule of Federal Financial Assistance were examined by other auditors whose reports thereon were furnished to us, and our opinion expressed herein, insofar as it relates to these entities, is based solely upon the reports of other independent auditors.

The State of Oklahoma has excluded federal financial assistance programs administered by public universities from the accompanying Schedule of Federal Financial Assistance. The public universities of the State of Oklahoma are covered under the provisions of the Office of Management and Budget (OMB) Circular A-110.

The information in the Schedule of Federal Financial Assistance has been subjected to the auditing procedures applied in the examination of the general purpose financial statements. In our opinion, based on our examination and the reports of other independent auditors, except for the effect on the schedule of the omission described in the preceding paragraph, the information in the Schedule of Federal Financial Assistance is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Clifton H. Scott

CLIFTON H. SCOTT
State Auditor and Inspector

December 15, 1989

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE BY FEDERAL DEPARTMENT

Revised 1/24/90

STATE OF OKLAHOMA

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

BY FEDERAL DEPARTMENT

FOR THE YEAR ENDED JUNE 30, 1988

CFDA Number	Federal Department/Federal Agency/ Program Name	State Grantee Agency	Federal Expenditures
	U.S. Department of Agriculture		
10.025	Plant & Animal Disease and Pest Control	Department of Agriculture	$ 507,326
10.063	Agriculture Conservation Program	Department of Agriculture	6,948
10.064	Forestry Incentives Program	Department of Agriculture	16,174
10.069	Conservation Reserve Program	Department of Agriculture	2,500
10.156	Federal-State Marketing Improvement Program	Department of Agriculture	67,553
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	Department of Agriculture	1,414,055
10.550	Food Distribution	Department of Human Services	40,181,157
10.551	Food Stamps	Department of Human Services	165,168,054
10.553	School Breakfast Program	Department of Education	6,590,985
10.555	National School Lunch Program	Department of Education; J.D. McCarty Center for Handicapped Children	39,955,265
10.556	Special Milk Program for Children	Department of Education	131,111
10.557	Special Supplemental Food Program for Women, Infants and Children	Department of Health	21,560,719
10.558	Child Care Food Program	Department of Education	7,867,127
10.559	Summer Food Service Program for Children	Department of Education	530,875
10.560	State Administrative Expenses for Child Nutrition	Department of Education	802,508
10.561	State Administrative Matching Grants for Food Stamp Program	Department of Human Services	14,527,643
10.564	Nutrition Education and Training Program	Department of Education	52,304
10.567	Needy Family Program	Department of Human Services	53,025
10.568	Temporary Emergency Food Assistance (Administrative Costs)	Department of Human Services	803,170
10.664	Cooperative Forestry Assistance	Department of Agriculture	323,247
10.901	Resource Conservation and Development	Department of Agriculture	27,387
10.904	Watershed Protection and Flood Prevention	Department of Agriculture	30,040
10.904	Watershed Protection and Flood Prevention	Conservation Commission	3,397
	Total of U.S. Department of Agriculture		300,622,570

CFDA Number	Federal Department/Federal Agency/ Program Name	State Grantee Agency	Federal Expenditures
	U.S. Department of Commerce		
11.305	Economic Development - State and Local Economic Development Planning	Office of the Governor	$ 36,732
11.407	Commercial Fisheries Research and Development	Department of Wildlife	14,104
11.803	Minority Business Development - State and Local Government Program	Department of Commerce	16,404
	Total U.S. Department of Commerce		67,240
	U.S. Department of Defense		
	Defense Logistics Agency:		
12.002	PTA Cooperative Agreement Program	Department of Commerce; Department of Vocational and Technical Education	135,221
	Total U.S. Department of Defense		135,221
	U.S. Department of Health and Human Services		
	Public Health Service - I:		
13.110	Maternal and Child Health Federal Consolidated Programs	Department of Health	129,567
13.116	Project Grants and Cooperative Control Agreement for Tuberculosis Control Programs	Department of Health	45,067
13.118	Acquired Immunodeficiency Syndrome (AIDS) Activity	Department of Health	287,240
13.125	Mental Health Planning and Demonstration Projects	Department of Health; Department of Mental Health	56,035
13.136	Injury Control - Research and Demonstration Projects and Prevention Research Centers	Department of Health	107,014
13.141	Alcohol, Drug Abuse Treatment and Rehabilitation Block Grant	Department of Mental Health	722,713
13.150	Community Health Services Block Grant for the Homeless	Department of Mental Health	35,063
13.217	Family Planning - Services	Department of Health	1,892,226

CFDA Number	Federal Department/Federal Agency/ Program Name	State Grantee Agency	Federal Expenditures
13.242	Mental Health Research Grants	Department of Mental Health	$ 253,614
13.244	Mental Health Clinical or Service Related Training Grants	Department of Mental Health	64,219
13.246	Migrant Health Centers Grants	Department of Health	176,011
13.268	Childhood Immunization Grants	Department of Health	100,431
13.283	Centers for Disease Control - Investigations and Technical Assistance	Department of Health	26,932
	Office of Human Development Services:		
13.608	Administration for Children, Youth and Families - Child Welfare Research and Demonstration	Department of Human Services	41,324
13.630	Administration on Developmental Disabilities - Basic Support and Advocacy Grants	Department of Human Services	754,090
13.633	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	Department of Human Services	3,588,324
13.635	Special Programs for the Aging - Title III, Part C - Nutrition Services	Department of Human Services	5,930,833
13.645	Child Welfare Services - State Grants	Department of Human Services	3,493,223
13.647	Social Services Research and Demonstration	Department of Human Services	90,224
13.652	Administration for Children, Youth and Families - Adoption Opportunities	Department of Human Services	27,436
13.658	Foster Care - Title IV - E	Department of Human Services	4,087,165
13.659	Adoption Assistance	Department of Human Services	302,357
13.667	Social Services Block Grant	Department of Human Services	37,217,932
13.668	Special Programs for the Aging - Title IV - Training, Research and Discretionary Projects and Programs	Department of Human Services	250
13.669	Administration for Children, Youth and Families - Child Abuse and Neglect State Grants	Department of Human Services	89,027
13.670	Administration for Children, Youth and Families - Child Abuse and Neglect Discretionary Activities	Department of Human Services	72,604
13.670	Administration for Children, Youth and Families - Child Abuse and Neglect Discretionary Activities	Department of Health	24,294
13.671	Family Violence Prevention and Services	Department of Mental Health	85,297
13.672	Child Abuse Challenge Grants	Department of Health	73,046
13.674	Independent Living	Department of Human Services	18,648

CFDA Number	Federal Department/Federal Agency/ Program Name	State Grantee Agency	Federal Expenditures
	Health Care Financing Administration:		
13.714	Medical Assistance Program	Department of Human Services	$ 441,489,769
13.773	Medicare - Hospital Insurance	Department of Health	438,930
13.777	State Survey and Certification of Health Care Providers and Suppliers	Department of Human Services; Department of Health	659,327
	Family Support Administration:		
13.780	Assistance Payments - Maintenance Assistance	Department of Human Services	87,672,417
13.783	Child Support Enforcement	Department of Human Services; District Attorney's Training Coordinating Council	6,206,756
13.787	Refugee and Entrant Assistance - State Administered Programs	Department of Human Services	719,272
13.789	Low-Income Home Energy Assistance	Department of Human Services	11,633,049
13.790	Work Incentive Program	Department of Human Services	821,105
13.792	Community Services Block Grant	Department of Commerce	4,085,078
13.796	Emergency Homeless Program	Department of Commerce	170,148
	Social Security Administration:		
13.802	Social Security - Disability Insurance	Department of Human Services	7,018,633
	Public Health Service - III:		
13.977	Preventive Health Services - Sexually Transmitted Disease Control Grants	Department of Health	350,644
13.987	Health Programs for Refugees	Department of Health	27,586
13.991	Preventive Health and Health Services Block Grant	Department of Mental Health; Department of Health	675,661
13.992	Alcohol and Drug Abuse and Mental Health Services Block Grant	Department of Mental Health	8,001,077
13.994	Maternal and Child Health Services Block Grant	Department of Human Services; Department of Health	2,599,642
	Total U.S. Department of Health and Human Services		632,361,300

CFDA Number	Federal Department/Federal Agency/ Program Name	State Grantee Agency	Federal Expenditures
	U.S.Department of Housing and Urban Development		
	Housing - Federal Housing Commission:		
14.227	Community Development Block Grants/ Secretary's Discretionary Fund/ Technical Assistance Program	Department of Commerce	$ 140,443
14.228	Community Development Block Grants/ States' Program	Department of Commerce	16,347,112
14.230	Rental Housing Rehabilitation	Department of Commerce	447,049
14.231	Emergency Shelter Grants Program	Department of Commerce	157,051
14.550	Solar Energy and Energy Conservation Bank	Department of Commerce	2,441
	Total U.S. Department of Housing and Urban Development		17,094,096
	U.S. Department of Interior		
	Bureau of Indian Affairs:		
15.130	Indian Education - Assistance to Schools	Department of Education	331,483
	Office of Surface Mining Reclamation and Enforcement:		
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	Department of Mines	722,024
15.252	Abandoned Mine Land Reclamation (AMLR) Program	Conservation Commission	1,603,876
	U.S. Fish and Wildlife Service:		
15.605	Sport Fish Restoration	Department of Wildlife	2,996,443
15.611	Wildlife Restoration	Department of Wildlife	1,926,269
15.612	Endangered Species Conservation	Department of Wildlife	33,581

CFDA Number	Federal Department/Federal Agency/ Program Name	State Grantee Agency	Federal Expenditures
	National Park Service:		
15.904	Historic Preservation Fund Grants-In-Aid	Historical Society	$ 339,981
15.916	Outdoor Recreation - Acquisition, Development and Planning	Department of Tourism and Recreation	396,299
	Total U.S. Department of Interior		8,349,956
	U.S. Department of Justice		
	Office of Juvenile Justice and Delinquency Prevention:		
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	Commission on Children and Youth; Department of Human Services	336,795
16.541	Juvenile Justice and Delinquency Prevention - Special Emphasis and Technical Assistance	Commission on Children and Youth	10,105
16.572	Mariel - Cubans	Department of Corrections	31,373
16.573	Criminal Justice Block Grant	District Attorney's Training Coordination Council; Court of Criminal Appeals; Bureau of Narcotics and Dangerous Drugs; Department of Human Services; Legislative Service Bureau; Department of Public Safety	1,234,808
16.575	Crime Victim Assistance	District Attorney's Training Coordination Council; Department of Mental Health	475,904
16.576	Crime Victim Compensation	Department of Human Services	3,154
16.576	Crime Victim Compensation	District Attorney's Training Coordination Council	121,331
16.579	State and Local Narcotics Control Assistance	District Attorney's Training Coordination Coundil; Bureau of Narcotics and Dangerous Drugs; Department of Public Safety	577,688
16.581	Drug Law Enforcement Program - Prison Capacity	Legislative Service Bureau	42,388
	Total U.S. Department of Justice		2,833,546

CFDA Number	Federal Department/Federal Agency/ Program Name	State Grantee Agency	Federal Expenditures
	U.S. Department of Labor		
	Bureau of Labor Statistics:		
17.002	Labor Force Statistics	Employment Security Commission	$ 816,718
17.003	Prices and Cost of Living Data	Employment Security Commission	89,900
	Employment and Training Administration:		
17.203	Labor Certification for Alien Workers	Employment Security Commission	105,536
17.207	Employment Service	Employment Security Commission; Vocational and Technical Education	13,205,878
17.225	Unemployment Insurance	Employment Security Commission	17,989,108
17.235	Senior Community Service Employment Program	Department of Commerce	1,040,710
17.245	Trade Adjustment Assistance - Workers	Employment Security Commission	5,925,787
17.246	Employment and Training Assistance - Dislocated Workers	Employment Security Commission; Department of Vocational and Technical Education	265,529
17.250	Job Training Partnership Act	Department of Commerce; Department of Human Services; Employment Security Commission; Department of Vocational and Technical Education	36,050,168
	Occupational Safety and Health Administration:		
17.500	Occupational Safety and Health	Department of Labor	602,860
	Mine Safety and Health Administration:		
17.600	Mine Health and Safety Grants	Department of Mines	86,294
	Office of the Assistant Secretary for Veterans Employment:		
17.801	Disabled Veterans Outreach Program	Employment Security Commission	992,215
17.804	Local Veterans Employment Representative Program	Employment Security Commission	1,205,776
	Total U.S. Department of Labor		78,376,479

CFDA Number	Federal Department/Federal Agency/ Program Name	State Grantee Agency	Federal Expenditures
	U.S. Department of Transportation		
	U.S. Coast Guard:		
20.005	Boating Safety Financial Assistance	Department of Public Safety	$ 682,870
	Federal Highway Administration:		
20.205	Highway Planning and Construction	Department of Transportation	222,479,932
20.218	Motor Carrier Safety Assistance Program	Department of Public Safety	208,516
	Federal Railroad Administration:		
20.303	Grants-In-Aid for Railroad Safety - State Participation	Corporation Commission	11,153
20.308	Local Rail Service Assistance	Department of Transportation	524,826
	Urban Mass Transportation Administration:		
20.500	Urban Mass Transportation Capital Improvement Grants	Department of Human Services	469,852
20.509	Public Transportation for Non-Urbanized Areas	Department of Transportation	1,779,822
20.600	State and Community Highway Safety	Department of Transportation; Department of Public Safety; Alcoholic Beverage Law Enforcement; Department of Health	1,692,362
20.700	Pipeline Safety	Corporation Commission	83,550
	Total U.S. Department of Transportation		227,932,883
	National Foundation on the Arts and the Humanities		
	National Endowment for the Arts:		
45.003	Promotion of the Arts - Arts in Education	State Arts Council	109,671
45.007	Promotion of the Arts - State Programs	State Arts Council	346,432
64.015	Promotion of the Arts - Folk Arts	State Arts Council	24,510
	Total National Foundation on the Arts and the Humanities		480,613

CFDA Number	Federal Department/Federal Agency/ Program Name	State Grantee Agency	Federal Expenditures
	Veterans Administration		
64.005	Grants to States for Construction of State Home Facilities	Department of Veterans Affairs	$ 8,365,476
64.014	Veterans State Domiciliary Care	Department of Veterans Affairs	130,711
64.015	Veterans State Nursing Home Care	Department of Veterans Affairs	3,814,896
64.016	Veterans State Hospital Care	Department of Veterans Affairs	10,523
64.111	Veterans Educational Assistance	Department of Veterans Affairs	114,813
	Total Veterans Administration		12,436,419
	U.S. Environmental Protection Agency		
	Office of Air and Radiation:		
66.001	Air Pollution Control Program Support	Department of Health; Department of Public Safety	1,114,661
	Office of Water:		
66.419	Water Pollution Control - State and Interstate Program Support	Department of Pollution Control; Department of Wildlife Conservation; Water Resources Board; Department of Agriculture; Corporation Commission; Conservation Commission; Department of Health	472,199
66.432	State Public Water System Supervision	Department of Health	449,114
66.433	State Underground Water Source Protection	Corporation Commission; Department of Health	516,259
66.435	Water Pollution Control - Lake Restoration Cooperative Agreements	Department of Pollution Control; Water Resources Board	194,251
66.438	Construction Management Assistance	Department of Health	781,031
66.451	Solid and Hazardous Waste Program Support Grant	Department of Health	385,662
66.454	Water Quality Management Planning	Department of Pollution Control; Water Resources Board; Department of Agriculture; Department of Health; Conservation Commission; Department of Wildlife Conservation Commission	210,171

CFDA Number	Federal Department/Federal Agency/ Program Name	State Grantee Agency	Federal Expenditures
	Office of Pesticides and Toxic Substances:		
66.700	Pesticides Enforcement Program	Department of Agriculture	$ 246,870
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	Department of Health	26,775
66.703	Asbestos Inspections and Management Plan Assistance	Department of Health	11,572
	Office of Solid Waste and Emergency Response:		
66.800	Hazardous Waste Management State Support Program	Department of Health	37,356
66.802	Hazardous Substance Response Trust Fund	Department of Health; Water Resources Board	653,317
66.804	State Underground Storage Tanks Program	Corporation Commission	109,028
66.805	Underground Storage Tanks Trust Fund Program	Department of Pollution Control; Water Resources Board	26,010
	Total U.S. Environmental Protection Agency		5,234,276
	U.S. Action		
72.001	Foster Grandparents Program	Department of Human Services	262,779
	Total U.S. Action		262,779
	U.S. Department of Energy		
81.041	State Energy Conservation	Department of Commerce	122,716
81.041	State Energy Conservation	Corporation Commission	482
81.042	Weatherization Assistance for Low-Income Persons	Department of Commerce	2,007,020
81.050	Energy Extension Service	Department of Commerce	31,641
81.052	Energy Conservation for Institutional Buildings	Corporation Commission	360
81.052	Energy Conservation for Institutional Buildings	Department of Commerce	60,304
81.052	Energy Conservation for Institutional Buildings	Department of Education	78,166
	Total U.S. Department of Energy		2,300,689

CFDA Number	Federal Department/Federal Agency/ Program Name	State Grantee Agency	Federal Expenditures
	U.S. Federal Emergency Management Agency		
	State and Local Programs and Support:		
83.403	Emergency Management Institute - Field Training Program	Civil Defense	$ 114,889
83.405	National Fire Academy - Training Assistance	Civil Defense	1,048
83.501	Community Assistance Program - State Support Services Element	Civil Defense; Water Resources Board	69,601
83.503	Civil Defense - State and Local Emergency Manangement Assistance	Civil Defense	739,701
83.505	State Disaster Preparedness Grants	Civil Defense	22,518
83.508	Radiological Instrumentation	Civil Defense	77,234
83.509	Facility Survey, Engineering and Development	Civil Defense	35,033
83.511	Radiological Defense Planning and Development	Civil Defense	37,941
83.514	Population Protection Planning	Civil Defense	144,933
83.516	Disaster Assistance	Civil Defense; Conservation Commission; Department of Wildlife Conservation; Department of Tourism and Recreation	7,730,904
83.516	Disaster Assistance	Employment Security Commission	(160)
83.519	Hazard Mitigation Assistance	Civil Defense	17,636
	Total U.S. Federal Emergency Management Agency		8,991,278
	U.S. Department of Education		
84.002	Adult Education - State Administered Program	Department of Education; Department of Libraries; Department of Corrections	1,369,774
84.003	Bilingual Education	Department of Education	104,838
84.004	Civil Rights Technical Assistance and Training	Department of Education	272,864
84.009	Education of Handicapped Children in State Operated or Supported Schools	Department of Education; J.D. McCarty Center for Handicapped Children	621,568
84.010	Educationally Deprived Children - Local Educational Agencies	Department of Education; Department of Corrections	35,232,179

CFDA Number	Federal Department/Federal Agency/ Program Name	State Grantee Agency	Federal Expenditures
84.011	Migrant Education - Basic State Formula Grant Program	Department of Education	$ 1,362,484
84.012	Educationally Deprived Children - State Administration	Department of Education	369,502
84.013	Neglected and Delinquent Children	Department of Education	230,279
84.024	Handicapped Early Childhood Education	Commission on Children and Youth	98,607
84.025	Handicapped Education - Deaf-Blind Centers	Department of Education	59,175
84.027	Handicapped - State Grants	Department of Education	18,628,551
84.029H	Handicapped Education - Special Education Personnel Developement	Department of Education	39,000
84.032	Higher Education Act - Insured Loans	Student Loan Authority	2,317,267[1]
84.034	Library Services	Department of Libraries; Department of Mental Health; Department of Corrections; J.D. McCarty Center for Handicapped Children; Department of Human Services	1,146,589
84.035	Interlibrary Cooperation and Resource Sharing	Department of Libraries	241,848
84.048	Vocational Education - Basic Grants to States	Department of Vocational and Technical Education; Department of Commerce; Department of Education	10,849,420
84.049	Vocational Education - Consumer and Homemaking Education	Department of Vocational and Technical Education	393,643
84.051	National Vocational Education Research	Department of Vocational and Technical Education	104,297
84.053	Vocational Education - State Councils	Department of Commerce	112,030
84.063	Pell Grant Program	Department of Vocational and Technical Education	83,993
84.126	Rehabilitation Services - Basic Support	Department of Human Services	21,527,017
84.128	Rehabilitation Services - Service Projects	Department of Human Services	145,097
84.128A	Rehabilitation Services - Security Disabled	Department of Mental Health	40,606
84.129	Rehabilitation Training	Department of Human Services	51,631
84.146	Transition Program for Refugee Children	Department of Education	115,925

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[1] This represents receipts, not expenditures, as reported by the independent auditor.

CFDA Number	Federal Department/Federal Agency/ Program Name	State Grantee Agency	Federal Expenditures
84.151	Improving School Programs - State Block Grants	Department of Education	$ 7,071,355
84.154	Public Library Construction	Department of Libraries	387,369
84.155	Removal of Architectual Barriers to the Handicapped	Department of Education	19,255
84.161	Client Assistance for Handicapped Individuals	Office of Handicapped Concerns	87,042
84.162	Emergency Immigrant Education	Department of Education	42,703
84.164	State Grants for Strengthening the Skills of Teachers and Instruction in Mathematics, Science, Foreign Languages, and Computer Learning	Department of Education; Department of Vocational and Technical Education	513,297
84.167	Library Literacy	Department of Libraries	400
84.169	Comprehensive Services for Independent Living	Department of Human Services	307,593
84.173	Handicapped - Preschool Grants	Department of Education	668,615
84.174	Vocational Education - Community Based Organizations	Department of Vocational and Technical Education	88,797
84.178	Leadership in Education Administration Development	Department of Education	108,520
84.181	Handicapped Infants and Toddlers	Department of Education; Commission on Children and Youth	322,807
84.185	Robert C. Byrd Honors Scholarship	Department of Education	112,076
84.186	Free Schools and Communities State Grants	Department of Education	1,276,000
84.186A	Alcohol and Drug Education Prevention	Department of Mental Health	287,466
	Total U.S. Department of Education		106,811,479
	U.S. National Archives and Records Administration		
89.003	National Historical Publications and Records Grants	Department of Libraries	4,489
	Total U.S. National Archives and and Records Administration		4,489

CFDA Number	Federal Department/Federal Agency/ Program Name	State Grantee Agency	Federal Expenditures
	Others		
	Food Inspection Project	Department of Health	$ 26,729
	Weather Modification	Water Resources Board	66,000
	Federal Aviation Administration	Department of Transportation	27,720
	Federal Highway Research Grant	Department of Transportation	33,300
	State Occupational Information Coordinating Committee	Employment Security Commission	31,119
	Fort Sill Asbestos	Department of Health	222
	X-Ray Inspections	Department of Health	13,611
	Healthy Older People	Department of Health	3,747
	Public Health Statistics	Department of Health	3,171
	Home Health Care	Department of Health	111,935
	National Committee of Arts for the Handicapped	Department of Education	14,000
	Marijuana Eradication Program	Bureau of Narcotics	88,471
	Bureau of Reclamation	Department of Wildlife Conservation	81,181
	Conservation Reserve Program	Conservation Commission	190,697
	EPA CX813244	Department of Labor	10,970
	SIC Revision	Employment Security Commission	52,000
	McGee Creek Recreation Improvement	Department of Tourism and Recreation	116,107
	Oil Overcharge	Department of Commerce	1,735,209
	Petroleum Violators Escrow	Department of Commerce	12,347
	Criminal Narcotics Program	Bureau of Narcotics and Dangerous Drugs Control	62,372
	ABE Win - U.S. Department of Education	Department of Education	1,720
	Community Volunteer Fire Prevention Program	Office of the Governor	1,761
	Equal Employment Opportunity Commission Case Contract	Human Rights Commission	133,643
	U.S. Department of Housing and Urban Development Contracts	Human Rights Commission	65,261
	Commercial Drivers License	Department of Public Safety	13,710
	Animal and Plant Inspections	Department of Health	71
	Operation Lightfoot	Department of Health	24,044
	Oklahoma Teaching Hospitals Hemophilia Grant	Department of Human Services	50,655
	AZT Drug	Department of Human Services	50,000
	Stripper Well	Department of Commerce	1,134,347
	Bio-accummulation Study	Department of Pollution Control	5,000
	Total Others		4,161,120
	GRAND TOTAL		$ 1,408,456,433

NOTES TO THE SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

STATE OF OKLAHOMA

NOTES TO THE SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

JUNE 30, 1988

1. Purpose of the Schedule of Federal Financial Assistance

Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments, requires a schedule of federal financial assistance showing total federal expenditures for each federal financial assistance program as identified in the Catalog of Federal Domestic Assistance (CFDA). Significant federal financial assistance programs which have not been assigned a CFDA number have been identified.

2. Significant Accounting Policies

A. Basis of Presentation

The information in the accompanying Schedule of Federal Financial Assistance is presented in accordance with OMB Circular A-128.

- Federal Financial Assistance - Pursuant to the Single Audit Act of 1984 (Public Law 98-502) and OMB Circular A-128, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly. Accordingly, non-monetary federal assistance, including food stamps and food commodities is included in federal financial assistance, and therefore, is reported on the schedule of federal financial assistance. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the State of Oklahoma and the federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

- Major and Non-major Programs - The Single Audit Act of 1984 and OMB Circular A-128 establish the levels of expenditures or expenses to be used in defining major and non-major federal financial assistance programs. Major programs, for the State of Oklahoma, are those which exceed $4,000,000 in federal expenditures, for the fiscal year ended June 30, 1988.

- Catalog of Federal Domestic Assistance - The Catalog of Federal Domestic Assistance (CFDA) is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number with is reflected in the accompanying schedule.

B. Reporting Entity

The accompanying schedule includes all federal financial assistance programs administered by the State of Oklahoma, except for those programs accounted for in the Higher Education Fund Type in the financial statements for the year ended June 30, 1988. Federal financial assistance provided to the state's public universities and related entities is covered by the provisions of OMB Circular A-110, Uniform Requirements for Grants to Universities, Hospitals, and Other Nonprofit Organizations. Under the provisions of the Single Audit Act of 1984, and OMB Circular A-128, states may elect to exclude public universities from the schedule of federal financial assistance programs covered by the single audit; however, audits of those entities excluded must be made in accordance with the statutory requirements and provisions of OMB Circular A-110.

C. Basis of Accounting

Federal financial assistance programs included in the accompanying schedule are presented using the cash basis of accounting. Under the cash basis of accounting, expenditures are recognized when paid rather than when incurred.

All federal expenditure amounts are presented as of June 30, 1988, except for those federal funds administered by the Oklahoma Employment Security Commission which is presented as of September 30, 1988.

The value of food commodity distributions on the accompanying schedule was calculated using the U.S. Department of Agriculture, Food Nutrition Service commodity price list as of June 30, 1988.

The food stamp issuance amount included in the accompanying schedule is stated at the face value of the food stamp coupons at the date of issuance.

D. Expenditures and Expenses

Certain transactions relating to federal financial assistance may appear in the records of more than one state grantee agency. To avoid duplication and the overstatement of the aggregate level of federal financial assistance expended by the State of Oklahoma, when monies are received by one state grantee agency and redistributed (expended) to another state grantee agency (i.e., a pass-through of funds by the primary recipient state grantee agency to a sub-recipient state grantee agency), the federal financial assistance will be listed first under the primary recipient followed by the sub-recipient(s).

AUDITOR'S REPORT ON INTERNAL CONTROLS
(ACCOUNTING AND ADMINISTRATIVE)
USED IN ADMINISTERING
FEDERAL FINANCIAL ASSISTANCE PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

1907

STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR
OKLAHOMA CITY

CLIFTON SCOTT
State Auditor and Inspector

100 State Capitol
Oklahoma City, OK 73105
405/521-3495

TO THE GOVERNOR AND MEMBERS OF
THE LEGISLATURE OF THE STATE
OF OKLAHOMA

We have examined the general purpose financial statements of the State of Oklahoma, as of and for the year ended June 30, 1988, and have issued our report thereon dated December 15, 1989. As part of our examination, we made a study and evaluation of the internal control systems, including applicable internal administrative controls, used in administering federal financial assistance programs to the extent we considered necessary to evaluate the systems as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office. Except as explained in the following paragraph, we made a study and evaluation of the internal control systems used in administering federal financial assistance programs to the extent we considered necessary to evaluate the systems as required by the Single Audit Act of 1984, and the provisions of Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. For the purpose of this report, we have classified the significant internal accounting and administrative controls used in administering federal financial assistance programs in the following categories:

ACCOUNTING CONTROL

- Cash and Demand Deposits
- Cash Receipts
- Cash Disbursements
- Securities and Investments
- Accounts Receivable
- Notes Receivable
- Inventories
- General Fixed Assets
- Control Environment
- Accounts Payable
- Purchasing and Receiving
- Notes Payable and Other Long-term Debt
- Transfers and Loans
- Payroll and Personnel
- Electronic Data Processing
- General Ledger

ADMINISTRATIVE CONTROLS

General Requirements

- Political Activity
- Davis-Bacon Act
- Civil Rights
- Cash Management
- Relocation Assistance and Real Property Acquisition
- Federal Financial Reports

Specific Requirements

- Types of Services Allowed or Unallowed
- Eligibility
- Matching and Level of Effort
- Reporting
- Cost Allocation
- Special Requirements
- Monitoring Subrecipients

Our study included all of the applicable control categories listed above.
Our study and evaluation of internal controls did not extend to internal controls used solely in administering federal financial assistance programs of the state's public universities which may be excluded from the requirements of OMB Circular A-128. The public universities of the State of Oklahoma are covered under the provisions of the Office of Management and Budget (OMB), Circular A-110, nor did our study cover the Oklahoma Department of Commerce of the Oklahoma Student Loan Authority. These departments were examined by other auditors whose reports thereon were furnished to us, and all related findings and recommendations for those entities are based solely upon the report of other independent auditors.

The management of the State of Oklahoma is responsible for establishing and maintaining internal control systems used in administering federal financial assistance programs. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control systems used in administering federal financial assistance programs are to provide management with reasonable, but not absolute, assurance that, with respect to federal financial assistance programs, resource use is consistent with laws, regulations, and policies; resources are safeguarded against waste, loss, and misuse; and reliable data are obtained, maintained, and fairly disclosed in reports.

Because of inherent limitations in any system of internal accounting and administrative controls used in administering federal financial assistance programs, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the systems to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

During the year ended June 30, 1988, the State of Oklahoma expended approximately 94 percent of its total federal financial assistance under major federal financial assistance programs. With respect to internal control systems used in administering major federal financial assistance programs, our study and evaluation included considering the types of errors and irregularities that could occur, determining the internal control procedures that should prevent or detect such errors and irregularities, determining whether the necessary procedures are prescribed and are being followed satisfactorily, and evaluating any weaknesses.

With respect to the internal control systems used solely in administering the nonmajor federal financial assistance programs of the State of Oklahoma, our study and evaluation was limited to a preliminary review of the systems to obtain an understanding of the control environment and the flow of transactions through the accounting system. Our study and evaluation of the internal control systems used solely in administering the nonmajor federal financial assistance programs of the State of Oklahoma did not extend beyond this preliminary review phase.

Our study and evaluation was more limited than would be necessary to express an opinion on the internal control systems used in administering the federal financial assistance programs of the State of Oklahoma. Accordingly, we do not express an opinion on the internal control systems used in administering the federal financial assistance programs of the State of Oklahoma. Further, we do not express an opinion on the internal control systems used in administering the major federal financial assistance programs of the State of Oklahoma.

Also, our examination, made in accordance with the standards mentioned above, would not necessarily disclose material weaknesses in the internal control systems used solely in administering nonmajor federal financial assistance programs.

However, our study and evaluation and our examination, disclosed certain conditions, as described in the accompanying schedule, that we believe result in more than a relatively low risk that errors or irregularities in amounts that would be material to a federal financial assistance program may occur and not be detected within a timely period.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in (1) our examination of the 1988 general purpose financial statements and (2) our examination and review of the state's compliance with laws and regulations, noncompliance with which we believe could have a material effect on the allowability of program expenditures for each major federal financial assistance program and nonmajor federal financial assistance programs. This report does not affect our report on the general purpose financial statements dated December 15, 1989. Also, this report does not affect our report on compliance with laws and regulations related to major and nonmajor federal financial assistance programs dated December 15, 1989.

This report is intended solely for the use of management, the members of the Legislature, and the appropriate grantor agencies and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which is a matter of public record.

Clifton H. Scott

CLIFTON H. SCOTT
State Auditor and Inspector

December 15, 1989

SCHEDULE OF FINDINGS AND RECOMMENDATIONS ON WEAKNESSES IN INTERNAL CONTROLS RELATED TO FEDERAL PROGRAMS

STATE OF OKLAHOMA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS ON WEAKNESSES IN INTERNAL CONTROLS RELATED TO FEDERAL PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

CFDA Number	Findings and Recommendations
	OKLAHOMA DEPARTMENT OF AGRICULTURE
10.025 -	**Imported Fire Ant Program** **Housing Preservation Program** Control Environment A preliminary evaluation of the control environment could not be performed because the Department did not complete federal compliance internal control questionnaires. We recommend federal compliance internal control questionnaires be completed for all federal programs.
All Federal Programs	Reporting The Department of Agriculture has not developed written procedures for the preparation and submission of federal financial reports required by Office of Management and Budget (OMB) Circular A-102. **(Repeat Finding)** We recommend the Department prepare written, step by step procedures for the preparation and submission of required federal financial reports.
All Federal Programs	Reporting The Department has not developed written procedures for the preparation of federal billings or supporting worksheets and ledgers. **(Repeat Finding)** We recommend the Deparment prepare written step by step guidelines in the preparation of the in-house documents and the federal billings that are derived from those documents.

All Federal Programs

Special Requirements

The Department has not developed written procedures for the proper preparation and correct charging of activity codes on travel claims. Also, there are no written procedures to ensure proper review of reports from Office of State Finance data entry to verify their accuracy. (**Repeat Finding**)

We recommend the Department implement written policies and procedures to ensure the proper preparation and correct charging of activity codes on travel claims. We further recommend procedures be written for the proper review of Office of State Finance data entry reports.

All Federal Programs

Cash Receipts

The Department does not maintain adequate segregation of duties over the cash receipts function. The same individual opens mail, receives incoming checks, endorses incoming checks, prepares and records receipt of funds in the accounting records.

We recommend adequate segregation of duties be established which would not allow the same individual to open mail, receive checks, endorse checks, prepare receipts, and record receipts in accounting records.

All Federal Programs

Control Environment

It appears that essential account records are not adequately protected against loss by theft or fire.

We recommend essential accounting records be protected against loss by theft or fire.

OKLAHOMA ALCOHOLIC BEVERAGE LAW ENFORCEMENT COMMISSION

20.600 **State and Community Highway Safety**

Cash Receipts

A review of the internal controls over cash revealed that the agents in the field are allowed to collect cash for penalties and license renewals. This represents a control weakness over agency cash.

We recommend all receipts be collected in a centralized location at the agency headquarters.

20.600 **State and Community Highway Safety**

Cash Receipts

A review of the internal controls over cash revealed that employees in the accounting office have record-keeping responsibilities and also handle incoming receipts. This represents a lack of segregation of duties.

We recommend the responsibility of receiving incoming receipts be assigned to one employee who does not have record-keeping responsibilities.

20.600 **State and Community Highway Safety**

Cash Disbursements

A review of the internal controls over cash revealed that invoice copies and/or other supporting documentation are not cancelled or marked "paid" to prevent reuse and possible duplicate payment.

We recommend invoice copies and supporting documentation attached to claim copies maintained by the agency be cancelled or marked "paid".

20.600 **State and Community Highway Safety**

Control Environment

A review of the internal controls over program funds revealed that the Fiscal Officer initiates, reviews, and signs the request for federal program funds document. In addition, he receives the incoming program warrants and reconciles program receipts with grantor agency reports. This represents a lack of proper segregation of duties.

We recommend an employee independent of the record-keeping responsibilities over program funds receive and deposit the incoming federal program warrants.

20.600 **State and Community Highway Safety**

Payroll/Personnel

A review of the agency payroll system revealed that the Fiscal Officer reviews and approves employee timesheets, signs the payroll claim, and receives and distributes the payroll warrants. He also authorizes the hiring of some new employees. This represents a lack of proper segregation of duties.

We recommend an employee separate from the payroll record-keeping function receive and distribute the payroll warrants.

20.600 **State and Community Highway Safety**

Control Environment

The agency Fiscal Officer on occasion authorizes and approves purchase requisitions and purchase orders, receives invoices and compares them to purchase orders, approves claims, and receives payment warrants and compares them to claim amounts.

We recommend purchase requisitions and purchase orders be approved by department supervisors or other responsible employees independent of the accounting functions of the Fiscal Officer. Also, payment warrants should be received and mailed by an employee with no overall accounting responsibilities.

20.600 **State and Community Highway Safety**

Payroll/Personnel

The Accountant III for the agency helps prepare payroll, has access to the computer data from which the payroll register is produced, and receives and distributes payroll checks. This represents a lack of proper segregation of duties.

We recommend the Accountant III not receive and distribute payroll checks. This function should be handled by an employee separate from the payroll accounting function.

OKLAHOMA STATE ARTS COUNCIL

All Federal Programs

Fixed Assets

Based on a review of fixed assets internal controls, it appears the fixed asset listing does not include a dollar grand total of fixed assets owned by the agency.

We recommend the agency maintain a dollar total of fixed assets owned to reflect their proper total value.

All Federal Programs

Control Environment

The agency's Fiscal Officer approves purchase orders, approves invoices, approves claims, and receives the warrants for claim payments. This represents a lack of proper segregation of duties.
We recommend purchase orders and claims be approved by the Executive Director or an authorized assistant in the Executive Director's office.

All Federal Programs

Payroll/Personnel

The Fiscal Officer prepares payroll claims, receives payroll warrants, and distributes the warrants to employees. This represents a lack of segregation of duties.

We recommend an employee other than the Fiscal Officer who has no payroll record-keeping responsibilities receive and distribute payroll warrants to employees.

OKLAHOMA CIVIL DEFENSE AGENCY

83.516 **Disaster Assistance Program**

Federal Financial Reports

The Federal Cash Transactions Report (SF-272) did not indicate the date of submission.

We recommend the agency implement procedures to assure that adequate documentation is maintained to support the date that federal reports are submitted.

CFDA Number	Findings and Recommendations
All Federal Programs	Property and Equipment The agency records the purchase order date rather than acquisition date on its equipment listing. We recommend the agency record the acquisition date on its equipment listing in accordance with OMB Circular A-102, Attachment N.
All Federal Programs	Property and Equipment The amount of an equipment item was included twice on the agency's equipment listing. We recommend the agency implement procedures to assure that all information is properly recorded in the equipment listing.
All Federal Programs	Property and Equipment Three instances were found in our test of equipment purchases, where the serial numbers of equipment items were not included on the agency's equipment listing. We recommend the agency implement procedures to assure that all information is properly recorded in the equipment listing.
All Federal Programs	Property and Equipment Two equipment items selected for testing were purchased out of two separate funds; however, only one of the funds was included on the equipment listing. We recommend all funding sources be included on the agency's equipment listing.
All Federal Programs	Property and Equipment Sixteen of a sample of 28 equipment purchases did not have identification tags affixed to the items purchased. We recommend the agency affix identification tags to all equipment items.

All Federal Programs

Property and Equipment

The claim number for one item, in a sample of 37, was listed incorrectly on the agency equipment listing.

We recommend the agency implement procedures to assure that information is accurately entered on the equipment listing.

DEPARTMENT OF COMMERCE

14.228 **Community Development Block Grants/State's Program**

Control Environment

Financial arrangement balances resulting from Community Development Block Grant (CDBG) funded economic development transactions are not under formal accounting control to include general ledger control of outstanding balances, subsidiary to general ledger control account reconciliations, formal payment and collections monitoring and aging of balances. (**Outside Independent Audit Finding**)

– **Stripper Well 1987 and 1988**

Control Environment

Financial arrangement balances resulting from the use of Stripper Well funds are not under formal accounting control to include general ledger control of outstanding balances, reconciliations of subsidiary to control totals and formal payment and collection monitoring procedures. (**Outside Independent Audit Finding**)

OKLAHOMA COMMISSION ON CHILDREN AND YOUTH

16.540 **Juvenile Justice and Delinquency Prevention - Allocations to States**
84.024 **Handicapped Early Childhood Education**

Fixed Assets

A fixed asset listing is currently maintained that includes proper description and valuation. However, no fixed asset control totals are maintained to reflect total value of the fixed asset inventory.

We recommend control totals be maintained and balanced regularly to the detail listing.

All Federal Programs

Payroll

The Commission does not maintain adequate segregation of duties over the payroll functions. The same individual prepares the payroll claim, signs payroll claim, and approves employee authorization/change forms.

We recommend adequate segregation of duties be established which would not allow the same individual to prepare payroll claim, sign payroll claim, and approve employee authorization/change forms.

All Federal Programs

Control Environment

Review of the internal control questionnaire reveals that duties relating to financial transactions, reporting, and reconciling are assigned to the same employee. The limited number of office personnel within small agencies sometimes prevents a proper segregation of accounting functions, which is necessary to assure adequate internal accounting controls.

We recommend management be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions the most effective controls lie in management's knowledge of agency operations and a periodic review of those operations.

OKLAHOMA CONSERVATION COMMISSION

10.904 Watershed Protection and Flood Prevention
15.252 Abandoned Mine Land Reclamation (AMLR) Program

Fixed Assets

It appears that fixed asset inventory counts were not being performed and documented prior to July 1, 1988. Proper documentation is useful for future reference and as proof counts were taken.

We recommend future fixed asset inventory counts be performed periodically and properly documented. **(Repeat Finding)**

15.252 Abandoned Mine and Land Reclamation (AMLR) Program

Cash Disbursements

Haskell County Conservation District AMLR Checking Account

The AMLR Program had established a designated checking account with the Haskell County Conservation District to be used to pay for certain administrative expenditures of the AMLR program. Each month the AMLR program accountant would transfer an estimated amount of grant funds from the State Treasury Account 400 to the designated AMLR checking account at the Haskell County Conservation District. There was no reconciliation prepared each month to determine the composition of the ending cash balance in the checking account on a grant by grant basis. Therefore, the individual grant financial statement would reflect the aggregate amount transferred to this checking account as a program expenditure rather than the amount that was actually expended from the checking account, thus causing an inappropriate reporting of program expenditures to the grantor agency. In addition, the AMLR program accountant would direct the custodian of the Haskell County Conservation District AMLR checking account to prepare checks pursuant to a listing of required disbursements and instruct the custodian to mail the check to the AMLR program accountant's home address. While the custodian was responsible for reconciling the checking account there was no segregation of duties over the transactions in the account since the program accountant controlled all funds deposited to the account and all disbursements from the account. Our analysis of the account activity disclosed excess cash totaling $28,675 which relates to past administrative grants which have since been closed out (see summary of Findings and Questioned Costs). On August 15, 1988 the Haskell County Conservation District AMLR checking account was closed and the balance of the account was transferred to the State Treasury Account 400. This transfer included $274 in non-AMLR program funds which it appears should be returned to the Haskell County Conservation District. **(Outside Independent Audit Finding)**

15.252 **Abandoned Mine and Land Reclamation (AMLR) Program**

Control Environment

Reimbursement of Cost to the Conservation Commission

The Conservation Commission is permitted to submit claims against the AMLR grant funds on deposit in the State Treasury Account 400 to the extent of a monthly office rental charge by the Commission any other direct expense paid by the Commission on behalf of the AMLR program. The AMLR program accountant does not maintain adequate records to support the claims paid from this account for the Conservation Commission. We recommend the Commission discontinue the use of this method of reimbursement and that if the Commission is reimbursed for direct cost on behalf of the AMLR program that such reimbursement be disbursed by a warrant payable to the Commission and supported by the appropriate documentation. (**Outside Independent Audit Finding**)

15.252 **Abandoned Mine and Land Reclamation (AMLR) Program**

Payroll/Personnel

We noted that the Commission did not maintain W-4 forms on employees paid from AMLR program funds. We recommend the employee personnel files include the W-4 forms in support of employee payroll withholding amounts. (**Outside Independent Audit Finding**)

15.252 **Abandoned Mine and Land Reclamation (AMLR) Program**

Cost Allocation

The AMLR administrative and construction grants were charged indirect cost based on a percentage of direct salaries. The indirect cost was paid to the Haskell County Conservation District to cover certain indirect cost incurred on behalf of the AMLR program, however, there was no documentation in support of the indirect cost amount charged. We recommend documentation in support of the indirect cost be maintained by the Commission, and that the indirect cost rate be evaluated periodically to insure that the AMLR program is not over-reimbursing for indirect cost. (**Outside Independent Audit Finding**)

All Federal Programs

Cash Receipts

The agency comptroller has regular record-keeping responsibilities and also handles state warrants. This results in a lack of proper segregation of duties.

We recommend the agency comptroller not handle any incoming checks.

CFDA Number — Findings and Recommendations

All Federal Programs

Payroll

The agency Claims Processing Supervisor is responsible for preparing the payroll for processing, distributing payroll checks, and maintaining custody of unclaimed checks. This represents a lack of segregation of duties.

We recommend the employee responsible for preparing the payroll for processing not be responsible for handling and issuing payroll checks.

All Federal Programs

Cash Receipts

The agency receptionist is responsible for receiving collection payments and also for posting the receipts to the agency collections records. This represents a lack of segregation of duties.

We recommend the record-keeping responsibility of posting incoming receipts to collection records be assigned to an employee not responsible for handling and depositing such receipts.

OKLAHOMA CORPORATION COMMISSION

20.303 **Grants-in-Aid for Railroad Safety - State Participation**
20.700 **Pipeline Safety**

Cash Receipts

There does not appear to be proper segregation of duties over the cash receipts area. Cashiers receive checks, endorse checks, prepare receipts, prepare deposit slips, and balance the records daily.

We recommend adequate segregation of duties over the cash receipts function should be established and the receiving of checks, endorsement of checks, preparation of receipts, and preparation of deposit slips should not be performed by the same employee. An independent confirmation of these balances should be performed by another section of the Finance Division.

All Federal Programs

Control Environment

The receipt of goods is performed by the employee who prepares purchase orders, receives invoices, and compares receiving reports with invoices. (**Repeat Finding**)

We recommend the preparation of purchase orders and receipt of goods be done by someone other than the employee who receives invoices and compares receiving reports with invoices.

OKLAHOMA COURT OF CRIMINAL APPEALS

16.573 **Criminal Justice Block Grant**

Control Environment

The Finance Officer for the Court is responsible for maintaining records for federal program 16.573. She is also responsible for receiving, endorsing, and depositing incoming warrants from federal program funds.

We recommend an employee with no primary record-keeping responsibilities for federal programs deposit the incoming warrants from federal program funds.

16.573 **Criminal Justice Block Grant**

Control Environment

The Finance Officer for the Court is responsible for preparing and maintaining expenditure records. She also receives the corresponding incoming goods and prepares the receiving report for such goods.

We recommend an employee separate from the expenditure record-keeping function receive incoming goods and prepare receiving reports.

16.573 **Criminal Justice Block Grant**

Control Environment

It appears the Court does not enforce a policy to ensure that all officials and employees take vacations of at least one week on an annual basis.

We recommend a vacation policy as described be enforced.

16.573 **Criminal Justice Block Grant**

Control Environment

It appears that invoices paid by the Court are not cancelled or marked "PAID" to prevent reuse.

We recommend paid invoices be marked as such to prevent reuse.

16.573 **Criminal Justice Block Grant**

Control Environment

It appears that account reconciliations between the Court's records and outside agencies such as the Office of State Finance and the State Treasurer are not reviewed and approved in writing by supervisory personnel separate from the preparer.

We recommend supervisory personnel regularly review account reconciliations as described.

16.573 **Criminal Justice Block Grant**

Control Environment

It appears that account records are not adequately protected against loss by fire or theft either by physical security or backup records.

We recommend the described protection be established.

DISTRICT ATTORNEY'S TRAINING COORDINATION COUNCIL

16.573 **Criminal Justice Block Grant**
16.575 **Crime Victim Assistance**
16.579 **State and Local Narcotics Control Assistance Grant**

Monitoring Subrecipients

The Council does not have formal procedures for follow up of audit findings of subgrantee audit reports.

We recommend formal procedures be implemented for follow up of audit findings of subrecipients.

CFDA Number — Findings and Recommendations

All Federal Programs

Control Environment

The Council did not prepare reconciliations of the Schedule of Federal Financial Assistance prepared from the Council's accounting records to the accounting records of the Office of State Finance printout, "Summary of Receipts, Disbursements, and Balances" during fiscal year 1988.

We recommend reconciliations be prepared on a regular basis to agree with Office of State Finance records to the Council's accounting records.

All Federal Programs

Cash Receipts and Cash Disbursements

Reconciliations of receipts and disbursements to the State Treasurer's Office and the Office of State Finance are not reviewed and approved by someone other than the preparer.

We recommend reconciliations be reviewed and approved by someone other than the preparer for adequate segregation of duties.

All Federal Programs

Payroll

The Council does not maintain adequate segregation of duties over the payroll functions. The same person prepares payroll claims, receives payroll warrants, and distributes payroll warrants to employees.

Adequate segregation of duties should be established which would not allow the same individual to prepare payroll claims, receive payroll warrants, and distribute payroll warrants to employees.

DEPARTMENT OF EDUCATION

10.555 — **National School Lunch Program**

Matching and Level of Effort

The Department excludes from its required matching funds the expenditures incurred by the Department of Human Services (DHS) for commodity distribution. The expenditures incurred by DHS are the net of the cost of commodity distribution less the commodity distribution fees collected. The Department had no documentation to support the amount of commodity fees collected.

We recommend the Department maintain supporting documentation for all elements of the matching requirement calculation.

CFDA Number — Findings and Recommendations

10.558 **Child Care Food Program**

Cash Disbursements

On one claim of 68 tested, an upward adjustment of the amount reimburseable for meals served was not supported by documentation in the file.

We recommend supporting documentation for all adjustments to reimburseable amounts be maintained in the files.

10.558 **Child Care Food Program**

Monitoring Subrecipients

In one of ten files tested, it was noted that a follow-up to an Administrative Review was scheduled, but there was no documentation to indicate that the follow-up had been performed.

We recommend scheduled follow-ups be performed and documented in the file.

10.558 **Child Care Food Program**

Monitoring Subrecipients

Confirmation of program funds of $263,064 paid to Action, Inc. Head Start, and Action, Inc. Day Care Sponsor was requested from these facilities, but was not received.

We recommend confirmations be returned.

84.010 **Educationally Deprived Children - Local Educational Agencies (Chapter 1)**

Cash Management

Based on a comparison of dates and amounts of federal funds drawn by the Department to dates and amounts of federal expenditures, the Department had approximately $500,000 excess cash on hand between June 8, 1988 and June 15, 1988. This appears to have been caused by an error in calculation.

We recommend the draw calculation sheets be reviewed for mathematical accuracy.

84.010

Educationally Deprived Children - Local Educational Agencies (Chapter 1)

Cash Receipts

One draw was noted on which $15,000 in excess of actual need was drawn due to a mathematical error on the draw calculation sheet.

We recommend draw calculation sheets be reviewed for mathematical accuracy.

84.010

Educationally Deprived Children - Local Educational Agencies (Chapter 1)

Cash Receipts

One instance was noted in which the amount of the deposit slip was $10,000 less than the amount of the draw. This discrepancy existed for a month.

We recommend deposit slips be reviewed for agreement with draw amounts.

84.010

Educationally Deprived Children - Local Educational Agencies (Chapter 1)

Level of Effort

One waiver of level of effort was granted to a school district during fiscal year 1988. However, no letter from the school district requesting this waiver was on file at the Department.

We recommend documentation regarding waivers granted be maintained at the Department.

84.027

Handicapped - State Grants

Federal Financial Reports

The copies of the federal financial report PMS-272-272 A retained by the Department were not signed.

We recommend a signed copy of this report be retained by the Department.

CFDA Number — Findings and Recommendations

84.027

Handicapped - State Grants

Cash Disbursements

Several instances were noted in which the quarterly expenditure reports submitted by the school districts did not properly foot or crossfoot. Also, there were several quarterly expenditure reports which did not have proper supporting documentation.

We recommend reports submitted by school districts be recalculated for accuracy and supported by proper documentation.

84.151

Improving School Programs - State Block Grants

Cash Management

Based on dates and amounts of federal funds drawn by the Department and the federal share of expenditures reported for this program, the Department had federal cash on hand in excess of its immediate needs during March, April and June, 1988.

We recommend the Department establish procedures to minimize federal cash on hand.

84.151

Improving School Programs - State Block Grants

Cash Management

Program funds are disbursed to local school districts in a manner that does not assure minimum cash balances of federal funds on hand at the school districts. (**Repeat Finding**)

We recommend the Department implement a system of disbursing funds to local school districts that assures minimum federal cash balances at the local level.

All Federal Programs

Monitoring Subrecipients

It appears the Internal Audit Division's review procedures for school district audits are inadequate to assure the audits are performed in accordance with federal regulations.

We recommend the Internal Audit Division include a review of a sample of the independent auditors' workpapers to assure compliance with federal regulations.

OKLAHOMA EMPLOYMENT SECURITY COMMISSION

17.225 **Unemployment Insurance**

Cash

The Commission was not reconciling its cash balance for Fund 960 with the State Treasurer's cash balance each month.

We recommend reconciliations be performed between the Commission records and the State Treasurer's records to determine cash is properly recorded.

17.225 **Unemployment Insurance**

Cash

There is unnecessary handling of employer refund checks and a lack of separation of recordkeeping and custodial duties.

We recommend the Accounts Receivable Unit furnish all required material for employer refunds to the Fiscal Department, and refund checks be immediately mailed from the Fiscal Department upon preparation of the checks.

17.225 **Unemployment Insurance**

Accounts Receivable

The Commission has the authority under the Rules of the OESC Act of 1988, Rule 35, Section B, to cancel the reimbursing status of an employer who fails to pay the full reimbursement costs. Presently, the Commission is not exercising its authority by cancelling the reimbursing status of employers who fail to pay full reimbursement.

We recommend the Commission develop criteria to comply with this Statute.

CFDA Number — Findings and Recommendations

17.225

Unemployment Insurance

Accounts Receivable

From April 1987 through April 1988, the Commission was not able to send accounts receivable statements to employers who were delinquent on partial payments. The new data processing system was unable to produce accurate reports of these accounts, and Commission employees must perform extensive research to develop these statements manually. This condition may have restricted the Commission's effectiveness in collecting unemployment taxes due to the U.S. Treasury.

In addition, the system automatically assesses an unemployment tax on all employers, including those which are no longer in business or bankrupt. This may also result in an overstatement of accounts receivable.

We recommend the Commission implement procedures to enhance the accounts receivable system.

All Federal Programs

Control Environment

All officials and employees do not take vacations of at least one week on an annual basis.

We recommend all officials and employees take vacations of at least one week on an annual basis and during their absence, their duties be assumed by another employee.

All Federal Programs

Control Environment

Title 62 Oklahoma Statutes, § 602, requires the authorized officer to file a "manual signature" certified under oath with the Secretary of State. Two officers of the Commission were using signature stamps and had not filed a certification as required.

We recommend the officers of the Commission comply with State Statutes by filing the required certification.

All Federal Programs

Cash Receipts

Several employees may have access to checks received from employers before they are restrictively endorsed.

We recommend, for proper safeguard of assets and good internal control, that all checks be restrictively endorsed immediately upon receipt.

CFDA Number	Findings and Recommendations
All Federal Programs	Payroll One individual has the responsibility for preparing payroll claims, receiving payroll warrants and distributing payroll warrants to employees. We recommend the responsibility for receiving and distributing payroll warrants be completely independent from the payroll preparation process. **(Repeat Finding)**
All Federal Programs	Accounts Receivable We could find no documented evidence to support whether prescribed collection procedures had been applied in five of twenty accounts tested. We recommend the Commission maintain records which document all collection procedures performed for each receivable account.
All Federal Programs	Property and Equipment The Commission does not prepare a listing of equipment deletions. We recommend a listing be prepared for each fiscal year which indicates the equipment description, identification number and cost for all equipment items which were removed from the fixed asset listing. **(Repeat Finding)**

OFFICE OF THE GOVERNOR

All Federal Programs

Control Environment

Review of the financial internal control questionnaire and federal compliance internal control questionnaire reveals that all duties relating to financial transactions and reporting are assigned to a limited number of employees. Mitigating circumstances exist in that the Office of State Finance personnel handle all accounting functions for the Office of the Governor; however, these procedures are assigned to one employee.

The limited number of office personnel within small agencies sometimes prevents a proper segregation of accounting functions, which is necessary to assure adequate internal accounting controls.

We recommend management be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions the most effective controls lie in management's knowledge of agency operations and a periodic review of these operations.

OFFICE OF HANDICAPPED CONCERNS

84.161

Client Assistance for Handicapped Individuals

Control Environment

Upon examination, we noted that all duties relating to financial transactions and reporting are assigned to the same employee. Mitigating circumstances exist in that all funds received by the Office are wired directly to Liberty Bank.

The limited number of office personnel within small agencies sometimes prevents a proper segregation of accounting functions, which is necessary to assure adequate internal accounting controls.

We recommend management be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions the most effective controls lie in managements knowledge of agency operations and a periodic review of those operations.

84.161 **Client Assistance for Handicapped Individuals**

Control Environment

All officials and employees do not take vacations of at least one week on an annual basis.

We recommend all officials and employees take vacations of at least one week on an annual basis and during their absence, their duties be assumed by another employee.

OKLAHOMA DEPARTMENT OF HEALTH

10.557 **Special Supplemental Food Program for Women, Infants and Children**

Cash Management

The three-day need amount is calculated incorrectly. It is the grant award divided by 12 divided by 21 (to obtain the daily amount) multiplied by 3.

We recommend the three-day amount be based on food and administrative costs rather than the grant award.

10.557 **Special Supplemental Food Program for Women, Infants and Children**

Cash Disbursements

Two instances were noted in which the invoice supporting an administrative claim was not signed by a program supervisor.

We recommend all invoices be signed by the appropriate program supervisor.

10.557 **Special Supplemental Food Program for Women, Infants and Children**

Types of Services Allowed or Unallowed

Two patient files could not be located in the Tulsa City-County Health Department.

We recommend all patient files be maintained so that they can easily be located.

10.557

Special Supplemental Food Program for Women, Infants and Children

Eligibility

In one participant's file at the Custer County Health Department, the nutritional risk document was not signed by the counselor.

We recommend all documentation be signed by the preparer.

10.557

Special Supplemental Food Program for Women, Infants and Children

Cash Management

Two separate cash management systems are maintained for purposes of determining draw amounts, but only one is used.

We recommend only one cash management system be maintained for determining draw amounts.

10.557

Special Supplemental Food Program for Women, Infants and Children

Types of Services Allowed or Unallowed

At the time we visited Creek County, unissued vouchers were kept in a rolling file cabinet which locked. This did not appear to provide adequate safeguarding of vouchers.

We recommend the rolling file cabinet be secured in an area of limited access.

10.557

Special Supplemental Food Program for Women, Infants and Children

Types of Services Allowed or Unallowed

In Custer County, all clerical personnel and all nurses have access to the key to the file cabinet in which unissued vouchers are kept. This does not appear to provide adequate safeguarding of vouchers.

We recommend access to the locked file cabinet be limited.

CFDA Number	Findings and Recommendations
13.217	**Family Planning Services** Cash Receipts The deposit ledger of county fees received is not reconciled monthly with either the Treasurer's Office or the Financial Management Division of the Department. (**Repeat Finding**) We recommend the deposit ledger of county fees received be reconciled monthly with the Treasurer's Office and the Financial Management Division of the Department.
13.991	**Preventive Health and Health Services Block Grant** Cash Disbursements One invoice was found which had not been recalculated for mathematical accuracy; it was underpaid by $110. We recommend all invoices be extended and footed to determine mathematical accuracy.
13.994	**Maternal and Child Health Services Block Grant** Cash Management The Department does not have a system for monitoring payment requests from the Department of Human Services, a subrecipient, to limit those payments to amount needed to meet immediate cash requirements. We recommend the Department establish procedures to monitor payment requests from the Department of Human Services, to limit cash on hand to immediate needs.
13.994	**Maternal and Child Health Services Block Grant** Cash Management The Department is not following established procedures for determining draws. This resulted in several instances of draws being more or less than the estimated needs. We recommend established procedures be followed. We also recommend the draw calculation be reviewed for accuracy by someone other than the preparer.

CFDA Number — Findings and Recommendations

13.994 **Maternal and Child Health Services Block Grant**

Reporting

Federal expenditures reported on the Schedule of Federal Financial Assistance are not based on the Department's cost allocation system. This is not consistent with the basis of reporting the federal expenditures of all other federal programs.

We recommend federal expenditures of this program be reported on a basis consistent with that of all other federal programs.

13.994 **Maternal and Child Health Services Block Grant**

Reporting

The Department reports refunds of federal funds as federal revenues.

We recommend refunds of federal funds received by the Department be reported as a reduction of federal expenditures.

All Federal Programs

Cost Allocation

Several timesheets were noted on which the supervisor's actual signature did not appear.

We recommend the appropriate supervisor sign each timesheet.

All Federal Programs

General Fixed Assets

A review of the fixed asset listing, to determine whether or not inventory numbers are assigned in sequential order, revealed that 14 numbers were missing from the listing. **(Repeat Finding)**

We recommend inventory numbers be assigned sequentially, and all be included on the fixed asset listing.

CFDA Number — Findings and Recommendations

All Federal Programs

General Fixed Assets

A review of the fixed asset listing, to determine whether or not inventory numbers are assigned in sequential order, revealed that four numbers were missing from the listing. (These were in addition to the 14 which were missing from the listing in the prior years.)

We recommend inventory numbers be assigned sequentially and all be included on the fixed asset listing.

All Federal Programs

General Fixed Assets

Four items on the fixed asset listing were stated at less than cost, resulting in an understatement of $18,488. (**Repeat Finding**)

We recommend all items on the fixed asset listing be stated at cost.

All Federal Programs

General Fixed Assets

Twenty-five items on the fixed asset listing were stated at less than cost. (These are in addition to the four items stated at less than cost in the prior year.)

We recommend all items on the fixed asset listing be stated at cost.

All Federal Programs

General Fixed Assets

The Department does not maintain an accurate listing of all items costing over $100, or a control record of additions and deletions. (**Repeat Finding**)

We recommend an accurate listing of all items costing over $100 be maintained. Also, a control record of additions and deletions should be maintained on a fiscal year basis.

All Federal Programs

General Fixed Assets

The invoice date is not shown as the acquisition date on the fixed asset listing. (**Repeat Finding**)

We recommend the invoice date be shown as the acquisition date on the fixed asset listing.

CFDA Number | Findings and Recommendations

All Federal Programs

General Fixed Assets

The fixed asset listing does not include a claim number and a purchase order number for each item listed. **(Repeat Finding)**

We recommend the fixed asset listing include a claim number and a purchase order number for each item listed.

All Federal Programs

General Fixed Assets

One piece of furniture appeared twice on the fixed asset list. This resulted in an overstatement of $112. **(Repeat Finding)**

We recommend the Department establish procedures to prevent this type of error.

All Federal Programs

General Fixed Assets

The Department does not conduct an annual physical inventory of fixed assets. **(Repeat Finding)**

We recommend a complete physical inventory of fixed assets be performed annually, and the count be reconciled to the perpetual fixed asset records.

OKLAHOMA HISTORICAL SOCIETY

All Federal Programs

Fixed Assets

The fixed asset record maintained does not reflect dollar values for all items. Therefore, no total dollar value of fixed assets is available. Also, no physical inventory count of fixed assets had been performed in two and a half years.

We recommend a physical inventory count of fixed assets be conducted annually. Dollar values should be assigned to all fixed asset items.

OKLAHOMA DEPARTMENT OF HUMAN SERVICES

10.550 Food Distribution

Special Requirements

Commodities are sent from the Department to designated distributing agencies for distribution to various recipient agencies. The Department does not maintain documentation which indicates which recipient agency ultimately received the commodities it delivered to the designated distributing agencies. C.F.R. 250.6(b) states "...distributing agencies shall enter into agreements with recipient agencies and that those agreements shall be in writing...". C.F.R. 250.6(h) states "...donated foods shall be distributed only to recipient agencies eligible to receive them..." The Department could not provide us with information which would enable us to determine that these requirements were met.

We recommend a system be developed so that the shipping documents for the distributing agencies will include the names of the recipient agencies which will receive the commodities.

10.551 Food Stamps

Cash

An accountant in the Finance Division, Food Stamp Unit has the following duties with regard to the 1830C Food Stamp Escrow Account: preparation of vouchers for payment, posting of vouchers to the cash book, and reconciliation of the cash book to the State Treasurer's Agency Month End Statement. Adequate internal controls should be in place to assure that no one individual is in a position both to perpetrate and to conceal errors in the normal course of the individual's duties. It appears the Department has not implemented adequate controls for the segregation of duties in this instance.

We recommend procedures be implemented to segregate the duties among Department personnel.

10.561 State Administrative Matching Grants for Food Stamp Program

Cash Disbursements

During our review of Food Stamp Administration claims, we noted that claims were approved with a rubber signature stamp. There were nine claims that did not have an authorization signature on the order forms. Several claims did not have an invoice attached supporting the purchase, and invoices are not checked for mathematical accuracy before the claims are approved for payment.

We recommend more emphasis be placed on the purchasing procedures of the Department. Claims should have at least one hand written signature for approval. All order forms should be approved by only authorized personnel. We recommend all invoices be checked for mathematical accuracy before they are paid.

13.658 **Foster Care - Title IV-E**

Cash Disbursements

During our review of the Foster Care Program claims, we noted that claims were approved with a rubber signature stamp. Of the claims tested in the Foster Care Program, thirty three percent (33%) of those tested had a lapse of over 30 days between the invoice date and the payment date. One of the required authorized signatures for the F-21 forms was typed. Three invoices were signed by the case workers who had also authorized the F-21.

We recommend more emphasis be placed on the purchasing procedures of the Department. We recommend one person be responsible for approving claims, and that if a signature stamp is used that access to that stamp be limited to only the individual who is authorized to approve claims. Claims should be approved in a more timely manner. All order forms should be approved by only authorized personnel.

13.714 **Medical Assistance Program**

Allowed or Unallowed Services

The Department's Claims Processing Assessment System (CPAS) does not examine source documents (provider agreements) to obtain assurance that payments are only made to eligible providers.

We recommend the Department enhance its methods for testing provider eligibility within the Claims Processing Assessment System. The OMB Compliance Supplement states, "Allowed services must be provided by institutitons or entities or individuals having valid provider agreements with the state."

13.714 **Medical Assistance**

Reporting

The Department has not developed a standard formula for computing the Title XIX budget, and the calculations of the original program budget cannot be traced to supporting documentation. As a result, the federal grant award based on this budget may be too large or too small to meet the program's needs.

We recommend the Department establish a standard formula for computing the Title XIX budget and that supporting documentation of this calculation be kept on file.

All Federal Programs

Cost Allocation

The Department has not implemented quality control procedures to verify that the data received from the various units for allocation bases is properly computed and documented. We recommend the Department implement such procedures to insure the propriety and accuracy of the data. (**Repeat Finding**)

All Federal Programs

Types of Services Allowed or Unallowed

Written policies and procedures for reviewing expenditures charged to federal programs to assure compliance with OMB Circular A-87, "Cost Principles for State and Local Governments" have not been developed. Although our testwork did not disclose any exceptions, we recommend such written policies and procedures be established.

All Federal Programs

Cash Disbursements

The Department has developed written policies and procedures for the custody and accountability of blank warrant stock and the processing of warrants through the Management Information Division (MID). However, policies and procedures have not been developed for warrants after they are delivered to the Sequoyah Office Building to be signed and mailed. In addition, there are no written policies and procedures for the custody and accountability of blank warrant stock and the processing of those warrants by the Finance Division's Data Processing and Warrant Control Units.

We recommend written policies and procedures be implemented for warrants after they are delivered to the Sequoyah Office Building and the processing of warrants by the Finance Division's Data Processing and Warrant Control Units.

All Federal Programs

Cash Disbursements

The physical custody of blank prenumbered warrant stock for the Finance Division Data Processing Unit is maintained by a clerk in the Warrant Control Unit who also has recordkeeping responsibilities. Adequate internal control should be in place to assure that no one individual has both custodial and recordkeeping responsibilities.

We recommend procedures be implemented to adequately segregate the above-mentioned duties among Department personnel.

All Federal Programs

Cash Disbursements

We examined a letter from the Management Information Division (MID) to notify the Finance Division - Operations Unit of warrants which were voided. The warrant numbers indicated as being voided were changed (in handwriting) on the type-written signed letter. There was no indication of who made this change or if it was made by an authorized person. This letter is the Finance Division's primary documentation of voided warrants. The Department has not established written criteria for the preparation of warrant control documents.

We recommend the Department strengthen internal controls to ensure the letters from MID, informing the Finance Division of any changes to previous correspondence, be in the form of a written correction signed by an authorized employee.

All Federal Programs

Cash Disbursements

The authorizing signatures were examined on letters sent from the Management Information Division (MID) to Finance-Operations (informing them what warrants were being voided, why they were being voided, and when). The signature on the letter was compared to the signature in the authorizing employee's personnel file. The employee's signature appeared to have been made by someone other than the authorizing employee. The Department has not established written criteria for the approval of warrant control documents; however, allowing various employees to sign the authorizing employee's signature diminishes the credibility of the approval signature of the authorized employee.

We recommend the Department strengthen internal controls to ensure the letters sent from MID to Finance-Operations are properly authorized.

All Federal Programs

Cost Allocation

The Department maintains CST030 and CST040 reports which include all adjustments and corrections which were input into the cost allocation system. However, there are not any records which fully document and explain why certain salary and benefit expenditure cost pool adjustments are made. OMB Circular A-87 states, "All costs included in the plan will be supported by formal accounting records which will substantiate the propriety of eventual charges."

We recommend the Department maintain formal documentation for all adjustments made for the accounting and cost allocation systems.

All Federal Programs

Cost Allocation

The Microfilm Unit does not reconcile the amounts in the master log book to the total number of documents received. The approved cost allocation plan states the basis for allocation of the Microfilm Unit is the "proportion of the total documents microfilmed during the quarter for any center..."

We recommend the Microfilm Unit have procedures to assure that all documents received for microfilming are included in the allocation base.

All Federal Programs

Cost Allocation

The Hearing Board Unit does not reconcile the number of cases listed on the log-in book and on the docket to the number of processed cases which is used in allocating costs. The cost allocation plan states the basis for allocation of the Hearing Board is, "Proportionate number of hearings."

We recommend the Hearing Board Unit have procedures to assure that the cases listed on the log-in book and on the docket are included in the allocation base.

All Federal Programs

Cost Allocation

The cost pool numbers in the Cost Allocation Plan do not match the cost pool numbers used in the accounting records. A letter from the Department of Health and Human Services, dated April 15, 1988, stated "The CAP should include a bridging document which matches each cost pool number in the plan to its related cost pool number used in the accounting records."

We recommend the cost allocation plan include a bridging document as recommended by the Department of Health and Human Services.

All Federal Programs

Cost Allocation

The county administrators and random moment time study (RMTS) coordinators responsible for conducting the RMTS indicated on a questionnaire that they have not attended meetings or seminars explaining the time study procedures. Some of the meetings and seminars were given to county administrators; however, some administrators delegate the RMTS responsibilities to other employees who have not received training for administering the RMTS. The Department is not providing adequate training for those people administering the random moment time study.

We recommend the Department develop adequate training for employees who administer the random moment time study.

All Federal Programs

Cost Allocation

Several corrections had been made by the Finance Division Interview Log(RS-ADM-S-1B) for the quarter ending March 31, 1988 after they had been received from the various county administrators. The administrators of the random moment time indicated they weren't notified of the changes. The approved cost allocation plan indicates that the interviewer is responsible for completing the RS-ADM-S-1B.

We recommend the administrators of the random moment time study be notified of any changes made by the Finance Division to the RS-ADM-S-1B form.

All Federal Programs

Cash Disbursements

The duties of personnel in the Finance Division Warrant Control Unit may not be properly segregated. Adequate internal controls should be in place to assure that no one individual is in a position both to perpetrate and to conceal errors in the normal course of the individual's duties. The Department has not implemented adequate controls for the segregation of duties among personnel in this instance.

We recommend the Department prepare and implement procedures for the segregation of duties among personnel.

All Federal Programs

Cash

Most incoming receipts to the Department are initially received by the Departmental Service's Mail Room. These receipts are not recorded or restrictively endorsed prior to being submitted to the Finance Division Revenue Processing Unit for entry into the accounting records and preparation of deposits. Some receipts are sent to other various Divisions and Units of the Department prior to being sent to the Revenue Processing Unit. OMB Circular A-102, Attachment G,2(c) states, "Grantee financial management systems shall provide for effective control over and accountability for all funds, property, and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes." The Department has not established and implemented written policies and procedures for processing of incoming receipts.

We recommend written policies and procedures for processing of incoming receipts be prepared and implemented.

All Federal

CFDA Number | Findings and Recommendations

Programs

Cash

Cash, certified mail, and checks are left unattended on a desk in the Departmental Service's Mail Room during the day. OMB Circular A-102 Attachment G,2(d) states that "...Grantees shall adequately safeguard all...assets and shall assure that they are used solely for authorized purpose." All assets should be safeguarded from unauthorized use or disposition. The Department has not implemented written policies and procedures for the custody and accountability for incoming receipts.

We recommend written policies and procedures for the custody and accountability for incoming receipts be prepared and implemented.

All Federal Programs

Cost Allocation

The Medical Evaluation Unit tallies the MS-52 decision forms to obtain the number of medical review team actions used in the cost allocation base. The MS-52 forms are then mailed to each county. The Medical Evaluation Unit does not reconcile cases received from the nursing homes and county offices to the number of medical review team actions listed for the quarter. The approved cost allocation plan states the basis for allocation of Medical Evaluation is the "proportion of medical review team actions during the period." OMB Circular A-87 states, "All costs included in the plan will be supported by formal accounting records which will substantiate the propriety of eventual charges."

We recommend the Medical Evaluation Unit have adequate procedures set up to substantiate the number of medical review team actions taken during the quarter; including cases received from the nursing homes and county offices.

All Federal Programs

Property and Equipment

Three equipment items did not have inventory tags attached. According to the Department's inventory and purchasing procedures, a tag is prepared by inventory control and is sent to the location to be affixed to the property. The inventory tag was not attached to the equipment at the time it was purchased, therefore, we were unable to ascertain that the property observed agreed with the Equipment Inventory System records.

We recommend inventory tags be attached to property as soon as possible after receipts of the equipment items.

All Federal Programs

Cash Disbursements

A warrant control register is maintained by the Warrant Control Unit of the Department's Finance Division. This register should be used as a control measure for the central accounting of all warrants generated, signed, and mailed by the Department. We found approximately 300 entries in this register which were incomplete, in error, or illegible.

We recommend the Department implement written procedures to ensure the warrant control register is accurate.

All Federal Programs

Cash Disbursements

To account for each warrant, we prepared a listing of warrants in numerical sequence. As a part of this test, we attempted to trace each voided warrant to a shredded document list to assure that proper action was taken on the warrant. During this test we were unable to trace 38 voided warrants to a shredded document list. No reason could be detected to determine why the warrants could not be accounted for in the Agency's records.

We recommend the Department implement procedures to assure that all voided warrants can be accounted for in the Agency's records.

All Federal Programs

Cash Disbursements

The physical custody of blank warrant stock for the Management Information Division is maintained by a clerk in the Warrant Security Unit who also has recordkeeping responsibilities.

We recommend procedures be implemented to segregate duties among personnel.

CFDA Number | Findings and Recommendations

All Federal Programs

Cash Disbursements

The shredded document form signed by Finance Division personnel as being a witness to the shredding of the warrants by the Management Information Division (MID) is not retained by the Finance Division. This is the only record of the disposal of warrants furnished to them by MID. MID does retain a copy of the shedded document it submits. No apparent reason could be detected to determine why the documents are not retained.

We recommend the Finance Division retain the shredded document form signed by Finance Division personnel.

All Federal Programs

Cash Disbursements

Signed warrants are sometimes stored in the room where the warrant signing machine is located. Several Department employees have access to this room, which results in inadequate safeguard controls. Safeguard controls are accounting controls over the custody and accountability of movable assets and are designed to prevent and detect loss, theft, or destruction.

We recommend the Department implement procedures to assure that signed warrants are adequately safeguarded.

All Federal Programs

Cash Disbursements

"Returned Warrants" are warrants that have been mailed to the payee, but returned to the Department by the post office. These warrants are not recorded when received in the mail room. A Finance Division Revenue Processing Unit employee picks the warrants up and delivers them to the Finance Division postal clerk. The postal clerk distributes the returned warrants to the Operations Unit or the Claims Processing Unit. At this point the warrants are recorded as being returned.

We recommend the Department record "returned warrants" immediately upon their receipt and require that anyone accepting custody of these warrants be required to sign for them.

All Federal Programs

Cost Allocation

The Speech and Hearing Unit does not reconcile actual hours worked to hours recorded on the report sent to the Finance Division for use in the allocation base. The time worked is not supported by adequate time distribution records. The approved cost allocation plan states that the basis for allocation of costs of the Speech and Hearing Unit is "...individual time reports." OMB Circular A-87 states "Salaries and wages of employees chargeable to more than one grant program or other cost objective will be supported by appropriate time distribution records."

We recommend the Speech and Hearing Unit develop adequate procedures to assure that all time spent on cases for each program has been accounted for in the allocation base. We also recommend adequate time distribution records be maintained.

All Federal Programs

Cash Disbursements

The Finance Division Warrant Control Unit does not make a comparison between the number of warrants which the Finance Division's Data Processing Unit or the Management Information Division (MID) has generated and the number of warrants which have been received for signature. The recorded accountability for assets should be compared with the existing assets at reasonable intervals and appropriate action should be taken with respect to any differences.

We recommend the Finance Division Warrant Control Unit reconcile the number of warrants generated by MID and the Data Processing Unit to the number of warrants it receives for signature.

All Federal Programs

Cash Disbursements

Signature plates for the warrant signing machine are usually kept in a desk which is occasionally unlocked and unattended. We also noted that there are six obsolete signature plates for use in a warrant signing machine that is no longer in use, which are also stored in this desk in the Finance Division - Warrant Control Unit. Since the obsolete plates are not used, their absence may not be noticed. These plates were designed for use in the warrant signing machine, but can be used manually.

We recommend the Department initiate proper control over signature plates and properly dispose or safeguard any plates which are obsolete.

All Federal Programs

Cash Disbursements

Mail room employees have access to the room where the signed warrants are stored prior to mailing. Assets should be safeguarded from unauthorized use or disposition. The Department has not implemented written policies and procedures for the custody and accountability for processing of warrants.

We recommend the Department implement written policies and procedures regarding the custody and accountability for processing of warrants by the Mail Room.

J.D McCARTY CENTER FOR HANDICAPPED CHILDREN

10.555 **National School Lunch Program**
84.034 **Library Services**

Fixed Assets

The Center does not have a complete and accurate fixed asset listing which identifies items purchased with federal funds.

We recommend a fixed asset listing be maintained which identifies items purchased with federal funds.

10.555 **National School Lunch Program**
84.034 **Library Services**

Cash Receipts

The Center does not maintain adequate segregation of duties over the cash receipts function. The same individual receives checks, prepares receipts, prepares deposits, records receipts into accounting records, prepares vouchers, and performs monthly reconciliation of records.

We recommend adequate segregation of duties be established which would not allow the same individual to receive checks, prepare receipts, prepare deposits, record receipts in the accounting records, and perform monthly reconciliations.

CFDA Number — Findings and Recommendations

10.555
84.034

National School Lunch Program
Library Services

Payroll

The Center does not maintain adequate segregation of duties over the payroll function. The same individual prepares the payroll claim, receives payroll warrants and distributes payroll warrants to employees.

We recommend adequate segregation of duties be established which would not allow the same individual to prepare payroll claims, receive payroll warrants and distribute payroll warrants to employees.

10.555

National School Lunch Program

Control Environment

The Center does not maintain adequate segregation of duties over the cash disbursement function. The same individual authorizes purchase orders, receives invoices, prepares claims, enters expenditures in accounting records and performs monthly reconciliations.

We recommend adequate segregation of duties be established which would not allow the same individual to authorize purchase orders, receive invoices, prepare claims, enter expenditures in accounting records and perform monthly reconciliations.

OKLAHOMA DEPARTMENT OF LABOR

All Federal Programs

Payroll

It appears that two employees are responsible for both preparing payroll claims and receiving and distributing payroll warrants. This constitutes a lack of proper segregation of duties.

We recommend the distribution of payroll be performed by employees with no payroll record keeping responsibilities.

All Federal Programs

Cash Receipts

The Budget Analyst is responsible for initiating and authorizing federal grant draws. In addition, she is responsible for receiving, endorsing, and depositing incoming federal grant refund checks and maintaining grant program records and reconciliations. These combined duties result in a lack of segregation of duties.

We recommend incoming checks and warrants from federal grants be handled and processed by an employee not responsible for authorizing grant draws and maintaining corresponding records. **(Repeat Finding)**

All Federal Programs

Control Environment

Agency accounting records are maintained in pencil. Records maintained in pencil can possibly be altered without detection.

We recommend all essential accounting records be maintained in ink.

LEGISLATIVE SERVICE BUREAU

16.573 **Criminal Justice Block Grants**
16.581 **Drug Law Enforcement Program - Prison Capacity**

Control Environment

It appears that no policy is enforced to ensure agency employees take vacations of at least one week on an annual basis.

We recommend a vacation policy as described be enforced.

16.573 **Criminal Justice Block Grants**
16.581 **Drug Law Enforcement Program - Prison Capacity**

Cash Receipts

The agency Administrative Technician endorses incoming checks or warrants, prepares deposit slips, prepares vouchers, and records and reconciles cash receipts. This represents a lack of proper segregation of duties.

We recommend the handling of cash and the record-keeping responsibilities not be handled by the same person.

16.573 Criminal Justice Block Grants
16.581 Drug Law Enforcement Program - Prison Capacity

Cash Disbursements

The agency Administrative Technician prepares purchase requisitions, purchase orders, receiving reports, and claims for vendor invoices. She also logs and checks vendor invoices, compares and mails warrants, and records and reconciles cash disbursements. This represents a lack of segregation of duties.

We recommend the purchasing duties, mailing of warrants and record-keeping responsibilities not be handled by the same person.

16.573 Criminal Justice Block Grants
16.581 Drug Law Enforcement Program - Prison Capacity

Cash Disbursements

It appears that invoice copies are not cancelled or marked "paid" to prevent reuse.

We recommend all invoice copies be cancelled or marked "paid" to prevent reuse and possible duplicate payment.

16.573 Criminal Justice Block Grants
16.581 Drug Law Enforcement Program - Prison Capacity

Payroll

A review of the internal control over payroll revealed that the Administrative Technician prepares the payroll and has access to the payroll warrants. This represents a lack of segregation of duties.

We recommend the employee who prepares the payroll not have access to the payroll warrants.

OKLAHOMA DEPARTMENT OF LIBRARIES

All Federal Programs

Control Environment

All officials and employees do not take vacations of at least one week on an annual basis.

We recommend all officials and employees take vacations of at least one week on an annual basis, and during their absence, their duties be assumed by another employee.

All Federal Programs

General Fixed Assets

While examining the fixed asset listing, we noted that several items were coded ZZ. This code indicated that the location of the asset is unknown. **(Repeat Finding)**

We recommend the Department continue its effort to establish and maintain accurate and current fixed asset records.

All Federal Programs

Payroll

Payroll claims are not reviewed for details and calculations by someone other than the preparer.

We recommend someone other than the payroll preparer verify payroll details and calculations at random.

DEPARTMENT OF MENTAL HEALTH

13.992

Alcohol and Drug Abuse and Mental Health Services Block Grant

Cash Management

The Department does not maintain any documentation to support draw calculations for draw requests.

The Department should establish and maintain a method of calculating draw amounts that is adequately documented. This would assist in calculating cash needs more accurately and prevent excessive cash on hand.

13.992 **Alcohol and Drug Abuse and Mental Health Services Block Grant**
84.186A **Alcohol and Drug Education and Prevention**

Fixed Assets

The Department does not appear to be placing equipment purchases onto the equipment listing in a timely manner.

The Department should update equipment listings on a regular basis to insure that equipment purchases are input in a timely manner.

84.034 **Library Services**

Control Environment

Written documentation is not received from facilities documenting federal expenditures on the Schedule of Federal Financial Assistance. These expenditures are $12,854 of the total.

Written documentation for federal expenditures should be received from the facilities and retained for reference purposes.

OKLAHOMA DEPARTMENT OF MINES

All Federal Programs

Control Environment

The agency accounting department calculates the amount to be drawn from federal program funds. However, after the calculation is made, the calculation sheet is discarded. Therefore, neither the calculation nor the review and approval of such is maintained as supporting documentation.

We recommend the draw calculation sheet be maintained along with its approval as proper supporting documentation.

All Federal Programs

Control Environment

The agency does not prepare receiving reports for incoming goods.

We recommend an employee separate from the accounting function receive and record incoming goods on a receiving report. These reports should agree with incoming vendor invoices.

All Federal Programs

Control Environment

It appears that essential account records are not adequately protected against loss by fire.

We recommend program account records be protected in fire-proof cabinets or desks.

All Federal Programs

Cash Disbursements

The agency does not cancel or mark "paid" invoice copies or other supporting documentation to prevent reuse.

We recommend all invoice copies or other supporting documentation be cancelled or marked "paid".

All Federal Programs

Control Environment

A review of the internal controls for purchases revealed that no visible indication is made on invoices to show that all dollar amounts are checked for mathematical accuracy.

We recommend there be a visible indication on all invoices to show that the dollar amounts have been checked for mathematical accuracy.

OKLAHOMA BUREAU OF NARCOTICS AND DANGEROUS DRUGS CONTROL

16.573 **Criminal Justice Block Grants**
16.579 **State and Local Narcotics Control Assistance Grant**
- **Marijuana Eradication Program**

Cash Receipts

The Bureau does not maintain adequate segregation of duties over the cash receipts function. The same individual records receipt of funds in accounting records, prepares deposit slip, records deposit in accounting records and performs monthly reconciliation of records.

Adequate segregation of duties should be established which would not allow the same individual to record receipt of funds in accounting records, prepare deposit slip, record deposit in accounting records and perform monthly reconciliation of records.

16.573 **Criminal Justice Block Grants**
16.579 **State and Local Narcotics Control Assistance Grant**
– **Marijuana Eradication Program**

Cash Disbursements

The Bureau does not maintain adequate segregation of duties over the cash disbursement function. The same individual authorizes purchase orders, prepares claims, enters expenditures in accounting records, and performs monthly reconciliations.

Adequate segregation of duties should be established which would not allow the same individual to authorize purchase orders, prepare claims, enter expenditures in accounting records, and perform monthly reconciliations.

16.579 **State and Local Narcotics Control Assistance Grant**
– **Marijuana Eradication Program**

Payroll

The Bureau does not maintain adequate segregation of duties over the payroll functions. The same individual prepares the payroll claims and receives the payroll warrants.

Adequate segregation of duties should be established which would not allow the same individual to prepare payroll claims and receive the payroll warrants.

All Federal Programs

Control Environment

All accounting records are not maintained in ink.

We recommend all accounting records be maintained in ink and in a manner in which they are unlikely to be altered without detection.

CFDA Number — Findings and Recommendations

OKLAHOMA DEPARTMENT OF POLLUTION CONTROL

66.419 Water Pollution Control - State and Interstate Program Support
66.435 Water Pollution Control - Lake Restoration Cooperative Agreements
66.454 Water Quality Management Planning

General Fixed Assets

A physical observation of property purchased with program funds is not being performed by the agency, as required by OMB Circular A-102, Attachment N.

We recommend inventories of such assets be taken on a periodic basis, with proper documentation being maintained.

All Federal Programs

Payroll

Employee time sheets are not reviewed by a supervisor.

We recommend all timesheets be reviewed for completeness and approved by employees supervisor to assure payroll charges are properly recorded.

All Federal Programs

Cash Receipts and Disbursements

There appears to be improper segregation of duties in the area of cash receipts and disbursements. Proper segregation should insure that one person does not have access to both Department assets and accounting records. It is recommended that all reconciliations be reviewed by the Executive Assistant and supporting documentation should be examined on a sample basis.

All Federal Programs

Reporting

Preparation and approval of the federal financial status report is performed by the same individual. **(Repeat Finding)**

We recommend these functions be segregated. Someone other than the preparer should approve the financial status report.

OKLAHOMA DEPARTMENT OF PUBLIC SAFETY

16.573	**Criminal Justice Block Grant**
16.579	**State and Local Narcotics Control Assistance Grant**
20.005	**Boating Safety Financial Assistance**
20.600	**State and Community Highway Safety**

Cash Management

The Director responsible for each above mentioned grant has the following duties:

a. initiates request for funds
b. calculates amount of funds to be drawn
c. prepares draw calculation sheet
d. reviews draw calculation sheet
e. authorizes draw
f. prepares request for fund documents
g. reviews request for fund document for propriety
h. signs request for funds.

We recommend the above cash request function be adequately segregated to strengthen internal controls.

16.573	**Criminal Justice Block Grant**
16.579	**State and Local Narcotics Control Assistance Grant**
20.005	**Boating Safety Financial Assistance**
20.218	**Motor Carrier Safety Assistance Program**
20.600	**State and Community Highway Safety**

Payroll

It appears that the same person prepares the payroll claim, receives payroll warrants, and distributes payroll warrants to Troop Commanders.

We recommend someone other than the person who prepares the payroll receive and distribute payroll warrants to have payroll functions adequately segregated to strengthen internal controls.

CFDA Number — Findings and Recommendations

All Federal Programs

Accounts Receivable

It appears that accounts receivable are maintained by the same person that receives the cash and makes deposits.

We recommend accounts receivable be maintained by someone other than the person receiving cash and making deposits.

All Federal Programs

Cash Disbursements

It appears agency invoices are not marked with visible indication that mathematical accuracy has been verified.

We recommend a visible indication such as initials of person verifying mathematical accuracy be shown on invoices.

All Federal Programs

Reporting

The Department's accounting system does not provide for identifying, segregating and accumulating totals of state matching or federally funded expenditures.

We recommend the accounting system be modified to provide for identifying, segregating and accumulating totals of state matching and federally funded expenditures.

OKLAHOMA DEPARTMENT OF TOURISM AND RECREATION

All Federal Programs

Cash Receipts

It appears that reconciliations of cash accounts are not regularly reviewed and approved by appropriate supervisory personnel.

We recommend all cash account reconciliations be reviewed and approved by appropriate supervisory personnel on a regular basis. Such review and approval will help ensure proper completion of the reconciliations.

All Federal Programs

Fixed Assets

The agency has no comprehensive system established for accounting for and controlling property and buildings. Per discussion with agency supervisors, some departments maintain separate listings of these assets for their own area. However, no overall system includes all property and buildings.

We recommend a comprehensive system should be developed and maintained to account for all agency property and buildings.

OKLAHOMA DEPARTMENT OF TRANSPORTATION

20.205 **Highway Planning and Construction**
20.509 **Public Transportation for Nonurbanized Areas**

Cash Receipts

On October 14, 1987, the Department deposited federal billing receipts to fund 310H, which should have been deposited to fund 210R. The Department's books were corrected November 13, 1987; however, the Office of State Finance was not notified until May, 1989.

We recommend the Department should submit corrections to the Office of State Finance upon recognition of the error, thereby assuring accurate balance of the Department's books as well as the books of the Office of State Finance.

OKLAHOMA DEPARTMENT OF VETERANS AFFAIRS

64.005 **Grants to States for Construction of State Home Facilities**

Reporting

There is a lack of segregation of duties in the preparation of the Federal Outlay Report and Request for Reimbursement for Construction Projects. The same person should not authorize for disbursement of funds and prepare the federal expenditure report.

CFDA Number — Findings and Recommendations

64.014 **Veterans State Domiciliary Care**
64.015 **Veterans State Nursing Home Care**
64.016 **Veterans State Hospital Care**

Reporting

Written policies and procedures for the preparation of the State Home Report and Statement of Federal Aid Claimed (VA Quarterly Reports (Form SF10-558)) are not maintained.

We recommend policies and procedures be developed and implemented to assure that all Centers are reporting on a consistent basis and in compliance with management policies.

64.014 **Veterans State Domiciliary Care**
64.015 **Veterans State Nursing Home Care**
64.016 **Veterans State Hospital Care**

General Ledger

The various Veterans Centers do not reconcile their records to the computer generated expenditures ledger maintained by the Central Office.

We recommend the Veterans Centers reconcile their accounting records to the expenditures ledger maintained on computer at the Central Office and notify the Central Office of any discrepancies. Any adjustments made should be properly documented by both the Central Office and the Center.

All Federal Programs

Control Environment

The Department does not have any written policies and procedures for federal grant rules and regulations or general accounting procedures.

We recommend written policies and procedures be established and implemented.

All Federal Programs

Cash Receipts and Cash Disbursements

Cash receipt and cash disbursement reconciliations from agency records to the Office of State Finance, the Treasurer's Office and the granting agency are prepared by the same individual.

We recommend reconciliations be reviewed and approved by an individual other than the preparer.

CFDA Number	Findings and Recommendations
All Federal Programs	Cost Allocation A cost allocation plan has not been developed to support the distribution of any joint costs related to the federal programs. We recommend the Department develop and adopt a cost allocation plan.
All Federal Programs	Civil Rights There are no written policies for the implementation of the federal requirement that facilities financed with federal funds be located in a nondiscriminatory manner. We recommend such a policy be written and implemented.
All Federal Programs	Fixed Assets There are no written policies for the implementation of federal provisions regarding reversionary rights to items purchased with federal funds. We recommend the Department establish written policies to implement federal rules and regulations over property and equipment.
All Federal Programs	Payroll There is a lack of segregation of duties in the areas of payroll preparation and distribution. We recommend the Department establish controls that eliminate the same individual from having access to the assets and recording the assets.
All Federal Programs	Cash Receipts Incoming checks or warrants are not restrictively endorsed immediately upon receipt. We recommend all incoming checks and warrants be restrictively endorsed upon receipt.

CFDA Number	Findings and Recommendations
All Federal Programs	Cash Management

A policy for minimizing federal cash on hand has not been established.

We recommend the Department establish a written policy to minimize federal cash on hand.

OKLAHOMA DEPARTMENT OF VOCATIONAL AND TECHNICAL EDUCATION

17.246	**Employment and Training Assistance - Dislocated Workers**
17.250	**Job Training Partnership Act**
84.048	**Vocational Education - Basic Grants to States (Carl Perkins)**
84.049	**Vocational Education - Consumer and Homemaking Education**
84.174	**Vocational Education - Community Based Organizations**

Monitoring Subrecipients

The Department has not established follow up procedures for corrective actions implemented by subrecipients.

The Department should establish procedures for following up on corrective actions taken by subrecipients to insure that violations have been corrected.

84.048	**Vocational Education - Basic Grants to States (Carl Perkins)**

Cash Management

The Department does not maintain any documentation to support the draw justification worksheet. This results in excessive cash on hand.

The Department should establish and maintain a method of calculating draw amounts that is adequately documented. This would assist in calculating cash needs more accurately and prevent excessive cash on hand.

CFDA Number | Findings and Recommendations

All Federal Programs

Cash Receipts

The Department has not established proper segregation of duties over the cash receipts area. The same individual receives and endorses incoming checks, prepares and records receipts in the accounting records, prepares clearing account and fund deposit slips, prepares transfer vouchers, and reconciles receipts with grantor agencies.

Proper segregation of duties should be established over the cash receipts area in order to assure adequate control over the cash receipts function.

All Federal Programs

Cash Disbursements

Dollar amounts on invoices are examined for mathematical accuracy by an employee of the Department, but a visible indication that the invoice has been recalculated is not affixed to the invoice.

We recommend invoices be recalculated for accuracy and a visible indication be affixed to the invoice to show this has been accomplished.

All Federal Programs

Fixed Assets

The Department maintains a misplaced equipment category within their equipment listing. This category is composed of items which cannot be located within the Department.

The Department should attempt to locate items in the misplaced equipment category.

OKLAHOMA WATER RESOURCES BOARD

All Federal Programs

Cash Receipts

It appears there is not adequate control of incoming checks. These checks are being sent to agency divisions instead of being receipted and deposited daily.

We recommend all checks be receipted when received and the receipts be forwarded to the appropriate division.

CFDA Number	Findings and Recommendations
All Federal Programs	Cash Disbursements Agency invoices are not cancelled or marked "paid" after payment has occurred. We recommend invoices be cancelled or marked "paid" after payment. This will help prevent possible reprocessing of invoices resulting in duplicate payment.
All Federal Programs	Payroll The agency does not maintain adequate segregation of duties over the payroll function. The same individual approves employee authorization/change forms, prepares payroll claims, receives payroll warrants, and maintains unclaimed payroll warrants. Adequate segregation of duties should be established which would not allow the same individual to approve employee authorization/change forms, prepare payroll claims, receive payroll warrants and maintain unclaimed payroll warrants.
All Federal Programs	Control Environment Federal draw calculation sheets, request for funds documents and invoices submitted to granting state agencies are not reviewed by someone other than preparer for propriety or accuracy during approval process. Federal draw calculation sheets, request for funds documents and invoices submitted to granting agencies should be reviewed for propriety and accuracy by someone other than person preparing such document prior to approval.
All Federal Programs	Cash Receipts It appears there is not adequate segregation of duties to prevent the same person from receiving, receipting, recording, and depositing cash and checks. We recommend the responsibility for handling and depositing incoming cash and checks should be separated from record keeping responsibilities.

CFDA Number | Findings and Recommendations

All Federal Programs

Control Environment

It appears the essential accounting records and office supplies are not adequately protected against loss by fire or theft.

We recommend essential accounting records and supply inventories be secured in locked cabinets or rooms which are preferably fire-proof.

OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION

All Federal Programs

Cash Disbursements

Agency invoices are not cancelled or marked "paid" after payment has occurred.

We recommend invoices be cancelled or marked "paid" after payment. This will help prevent possible reprocessing of invoices resulting in duplicating payments.

AUDITOR'S REPORT ON COMPLIANCE
WITH LAWS AND REGULATIONS
RELATED TO MAJOR AND NONMAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

1907

STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR
OKLAHOMA CITY

CLIFTON SCOTT
State Auditor and Inspector

100 State Capitol
Oklahoma City, OK 73105
405/521-3495

TO THE GOVERNOR AND MEMBERS OF
THE LEGISLATURE OF THE
STATE OF OKLAHOMA

We have examined the general purpose financial statements of the State of Oklahoma, as of and for the year ended June 30, 1988, and have issued our report thereon dated December 15, 1989. Our examination was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office; and, except as explained in the following paragraph, our examination was made in accordance with the Single Audit Act of 1984, the provisions of Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of the Oklahoma Department of Commerce or the Oklahoma Student Loan Authority, nor the segments of the Schedule of Federal Financial Assistance related to the federal programs for which the Oklahoma Department of Commerce and the Oklahoma Student Loan Authority are the primary recipients. These statements and the related segments of the Schedule of Federal Financial Assistance were examined by other auditors whose reports thereon were furnished to us, and our opinion expressed herein, insofar as it relates to these entities, is based solely upon the reports of other independent auditors.

The scope of this examination did not include testing transactions and records from federal financial assistance programs of the public universities of Oklahoma for compliance with laws and regulations which could have a material effect on the allowability of program expenditures. The state's public universities are covered under the provisions of OMB Circular A-110.

The management of the State of Oklahoma is responsible for the state's compliance with laws and regulations. In connection with the examination referred to in the first paragraph, we selected and tested transactions and records from each major federal financial assistance program and certain nonmajor federal financial assistance programs, except for those federal financial assistance programs identified in the preceding paragraph. The purpose of our testing of transactions and records from those federal financial assistance programs was to obtain reasonable assurance that the State of Oklahoma had, in all material respects, administered major programs, and executed the tested nonmajor program transactions, in compliance with laws and regulations, including those pertaining to financial reports and claims for advances and reimbursements, noncompliance with which we believe could have a material effect on the allowability of program expenditures.

Our testing of transactions and records selected from major federal financial assistance programs disclosed instances of noncompliance with those laws and regulations. All instances of noncompliance that we found and the programs to which they relate are identified in the accompanying schedule of compliance findings and questioned costs.

In our opinion, based on our examination and the reports of the other independent auditors, subject to the effect of the ultimate resolution of those instances of noncompliance referred to in the preceding paragraph, and except for the effects of such noncompliance, if any, as might have been found had we tested the transactions and records of the federal financial assistance programs administered by the state's public universities for compliance with those laws and regulations, the State of Oklahoma administered each of its major federal financial assistance programs for the year ended June 30, 1988 in compliance, in all material respects, with laws and regulations, including those pertaining to financial reports and claims for advances and reimbursements, noncompliance with which we believe could have a material effect on the allowability of program expenditures.

The results of our testing of transactions and records selected from nonmajor federal financial assistance programs, which did not include the testing of transactions and records from the nonmajor programs administered by the state's public universities, indicate that for the transactions and records tested the State of Oklahoma complied with the laws and regulations referred to in the third paragraph of our report, except as noted in the accompanying schedule of compliance findings and questioned costs. Our testing was more limited than would be necessary to express an opinion on whether the State of Oklahoma administered those programs in compliance, in all material respects, with those laws and regulations noncompliance with which we believe could have a material effect on the allowability of program expenditures; however, with respect to the transactions and records that were not tested by us, nothing came to our attention to indicate that the State of Oklahoma had not complied with the laws and regulations other than those laws and regulations for which we noted violations in our testing referred to above.

Clifton H. Scott

CLIFTON H. SCOTT
State Auditor and Inspector

December 15, 1989

SCHEDULE OF COMPLIANCE FINDINGS AND RECOMMENDATIONS AND QUESTIONED COSTS RELATED TO FEDERAL PROGRAMS

STATE OF OKLAHOMA
SCHEDULE OF COMPLIANCE FINDINGS AND RECOMMENDATIONS AND QUESTIONED COSTS RELATED TO FEDERAL PROGRAMS
FOR THE FISCAL YEAR ENDING JUNE 30, 1988

CFDA Number	Findings and Recommendations	Questioned Costs
	OKLAHOMA DEPARTMENT OF AGRICULTURE	
10.156	**Federal - State Marketing Improvement Program**	
	Monitoring Subrecipients	
	The Department does not review audits of subrecipients who receive $25,000 or more in federal funds.	
	It is the responsibility of the recipient of federal funds to establish a system of obtaining and reviewing subrecipient audits and to insure that prompt corrective action is taken on non-compliance matters.	-0-
	We recommend the Department require and review audit reports on subrecipients according to OMB Circular A-128. We also recommend a monitoring system be established for follow-up of audit findings.	
	OKLAHOMA DEPARTMENT OF HUMAN SERVICES	
10.550	**Food Distribution**	
	Special Requirements	
	The Department is required to conduct yearly audit/reviews of the Temporary Emergency Food Assistance Program agencies. The agencies selected for the audit/reviews are not selected according to guidelines listed in the Code of Federal Regulations. C.F.R. 251.10 (e)(3) states, "in selecting distribution sites for review, the State shall rank all the sites according to the number of participating households during the previous Federal fiscal quarter and select for review the first 25 sites or first one-sixth of all sites, whichever is fewer, which served the greatest number of households". The Department does not have written procedures to follow for complying with this requirement.	-0-
	We recommend written guidelines be established to insure that Temporary Emergency Food Assistance Program agencies are selected for review in accordance with C.F.R. 251.10 (e)(3).	
10.550	**Food Distribution**	
	Cost Allocation	
	The costs for the commodity warehouse are being allocated to the Temporary Emergency Food Assistance Program based on the number of	

cases of food. The volume of the cases may vary from one type of food to another. The approved cost allocation plan for the commodity warehouse states the basis for allocation is "Square footage of space occupied for commodities of each program." OMB Circular A-87 states, "Indirect cost pools should be distributed to benefiting cost objectives on bases which will produce an equitable result in consideration of relative benefits derived." -0-

We recommend the expenditures allocated to the Temporary Emergency Food Assistance Program from the commodity warehouse be based on the square footage of space occupied by the commodities program.

10.551 **Food Stamps**

Reporting

The number of ATP's transacted and reported on the FNS-46, ATP Reconciliation Report for February, 1988 were incorrectly reported as 30,147. The correct number of ATP's transacted was 30,142. -0-

We recommend the Department properly review reported data prior to submission of federal reports.

10.551 **Food Stamps**

Cash Disbursements

The authorizing signatures on the documents provided by the counties to support the issuance of warrants were compared to the authorizing employee's signature in his/her personnel file. Based on this comparison the signatures of two of the documents appeared to have been made by someone other than the authorizing employee. OMB Circular A-102, Attachment G, 2 (c) states, "Grantee financial management systems shall provide for effective control over and accountability for all funds, property and other assets." 28

We recommend the Department implement a policy requiring written documentation which list those employees authorized to approve transactions. All authorized individuals should then sign his/her own name.

J.D McCARTY CENTER FOR HANDICAPPED CHILDREN

10.555 **National School Lunch Program**

Reporting

Procedures used to prepare the Schedule of Federal Financial Assistance appear to be inadequate because the Center is unable to identify the source of program income or the expenditures for the matching contribution amount. 559

We recommend the Center maintain supporting documentation for all amounts listed on the Schedule of Federal Financial Assistance.

OKLAHOMA DEPARTMENT OF HEALTH

10.557 Special Supplemental Food Program for Women, Infants and Children

Monitoring Subrecipients

There are not adequate procedures to monitor subrecipients of this program. Although annual audits are performed on the independent clinics, there is not a requirement that these be obtained and reviewed, and follow-up be performed on audit findings. -0-

We recommend the annual audits performed on independent clinics be obtained and reviewed, and any audit findings be investigated and resolved.

10.557 **Special Supplemental Food Program for Women, Infants and Children**

Types of Services Allowed or Unallowed

During our testing of a sample of redeemed food vouchers, the following errors were found:

a) Eight vouchers had no authorizing signature.	82
b) Fourteen vouchers had two recipient signatures which were not similar.	186
c) Seven vouchers were not mathematically correct.	7
d) On six vouchers, it appeared unauthorized food was purchased.	16
e) On one voucher, there was no issue date.	49

10.557 **Special Supplemental Food Program for Women, Infants and Children**

Matching and Level of Effort

Amounts for January, March, June, July and August were input incorrectly on the Nutrition Education Expense report. This report is used to determine the nutrition education expenditures on the annual financial status report.	115,206

We recommend this schedule be reviewed by someone other than the preparer to ensure accuracy.

10.557 **Special Supplemental Food Program for Women, Infants and Children**

Matching Requirements

Although the Department receives in-kind contributions from private clinics who administer this program, these amounts are not included in either the revenues or expenditures reported on its Schedule of Federal Financial Assistance. In-kind contributions received during state fiscal year 1988 totaled $119,805.32. -0-

We recommend the Department include in-kind contributions in both the revenues and expenditures reported on its Schedule of Federal Financial Assistance.

10.557 **Special Supplemental Food Program for Women, Infants and Children**

Cash Management

Amounts for claims on hand and cash balances on the draw request worksheets could not be traced to supporting documentation. -0-

We recommend supporting documentation be maintained for all amounts on the draw request worksheets.

OKLAHOMA DEPARTMENT OF EDUCATION

10.558 **Child Care Food Program**

Eligibility

In 9 files of 387 tested, there was neither a current operating license issued by the Department of Human Services, nor any indication that a license was to be issued. This license is required before claims for reimbursement of meals served can be paid. -0-

We recommend verification of license issuance be maintained in each file.

CFDA Number	Findings and Recommendations	Questioned Costs
10.558	**Child Care Food Program** Eligibility In 4 files of 387 tested, a copy of a Department of Human Services' form used to indicate the issuance of an operating license was found, but was illegible. We recommend proper documentation of licenses issued be maintained in each file.	-0-
10.558	**Child Care Food Program** Eligibility One day care home was noted which the Department cited for the same areas of non-compliance during the period from February, 1985, through August, 1988. The areas of non-compliance were: 1) meals that did not meet USDA minimum meal requirements; 2) improper food storage; 3) recordkeeping procedures which fail to record accurate meal counts; 4) inadequate documentation for food purchases; and 5) overstated number of children served who received Title XX benefits. We recommend the Department continue to monitor this day care home to ensure it is implementing corrective action in these areas of non-compliance.	-0-
10.558	**Child Care Food Program** Types of Services Allowed and Unallowed In one file of 398 tested, no signed agreement with the day care sponsor was found. We recommend all necessary agreements be on file at the Department.	-0-

CFDA Number | Findings and Recommendations | Questioned Costs

10.558 **Child Care Food Program**

Monitoring Subrecipients

Although independent audits are required of child care facilities which receive over $25,000 of federal assistance, no submission date has been established. For this reason, the Department is hindered in its efforts to detect and correct areas of non-compliance in a timely manner. At the end of April, 1989, only one audit of the 48 required for fiscal year 1988 has been received. -0-

We recommend the Department establish a due date for subrecipient audits.

OKLAHOMA DEPARTMENT OF HUMAN SERVICES

10.561 **State Administrative Matching Grants for Food Stamp Program**

Status of Prior or Pending Disallowances

The Department faces a potential quality control sanction totaling $6,304,848 for fiscal year 1986. A waiver was submitted and this is presently in grant appeal. (**Repeat Finding**) 6,304,848

10.561 **State Administrative Matching Grants for Food Stamp Program**

Cash Management

During our review of cash management, a sample of three (3) federal cash draws were tested to determine that draws were not excessive or drawn too early. Of the three (3) tested two (2) were considered drawn too early. -0-

We recommend the Department establish a cash management forecasting formula that will eliminate the drawing of federal funds before they are necessary.

CFDA Number	Findings and Recommendations	Questioned Costs
	OKLAHOMA CONSERVATION COMMISSION	
10.904	**Watershed Protection and Flood Prevention**	
	Reporting	
	In accordance with OMB Circular A-128, the Commission should receive and review copies of audit reports for all subrecipients of federal grant programs which receive in excess of $25,000. It appears no such reports were received from the University of Oklahoma, subrecipient of program 10.904.	-0-
	We recommend that copies of audit reports of the subrecipient be received and reviewed by the Commission.	
	OKLAHOMA DEPARTMENT OF HUMAN SERVICES	
13.633	**Special Programs for the Aging - Title III, Parts A and B - Grants for Supportive Services and Senior Centers**	
	Cost Allocation	
	The cost allocation plan for the Department allocated certain costs to the Special Unit on Aging. This unit administers state and federal programs, and a method of allocating the costs incurred by the Unit to the various programs did not exist. Therefore, we were unable to determine the proper allocation or related questioned cost. (**Repeat Finding**)	-0-
	We recommend the cost allocation system be modified to reflect the allocation expense for each federal program administered by the Aging Unit.	

CFDA Number	Findings and Recommendations	Questioned Costs
13.633	**Special Programs for the Aging - Title III, Parts A and B - Grants for Supportive Services and Senior Centers** Cash Management We compared the amount of federal funds drawn on September 14, 1987 to the amount of subsequent expenditures made to subrecipients. The payments to the subrecipients were dated September 25, 1987. The Department appeared to have more than three days of federal cash on hand. OMB Circular A-102 states the "Grantee financial management systems shall provide for... procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and the disbursement by the grantee." (Three days was determined to be the maximum number of days the Department should retain federal cash, based on the instructions for preparation of the SF-272.) We recommend the Department implement procedures to adequately minimize the time elapsing between the transfer of funds from the U.S. Treasury and the disbursement by the Department.	-0-
13.633	**Special Programs for the Aging - Title III, Parts A and B - Grants for Supportive Services and Senior Centers** Cash Management In the comparison of the Request for Funds - Form SUOA-S-6(A) line 10, to actual amount paid to the subrecipients, we could not determine that the amounts were related. The actual amount paid by the Department to its subrecipients does not appear to correlate to the cash-on-hand and request amounts on the SUAO-S-6(A). OMB Circular A-102, Attachment G, states, "Grantee financial management systems shall provide for...procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and the disbursement by the grantee...Advances made by primary recipient organizations to secondary recipients shall conform substantially to the same standards of timing and amount as apply...to primary recipient organizations." We could not identify any written procedures to instruct recipients of the procedures to be used when requesting funds or completing the SUOA-S-6(A). The person making the determination of how much cash should be advanced to each subrecipient does not document how he made that determination. We recommend that the person making the determination of how much cash should be advanced to each subrecipient document how the determination was made. This documentation could serve as support that the advances are in compliance with applicable policies and regulations.	-0-

CFDA Number | Findings and Recommendations | Questioned Costs

13.635 **Special Programs for the Aging - Title III, Part C - Nutrition Services**

Special Requirements

We reviewed a copy of a subrecipient audit report and noted an audit finding which indicated that the subrecipient earned $4,097 in interest on federal funds. OMB Circular A-128, Paragraph 9, states "...State or local governments that received Federal financial assistance and provide $25,000, or more of it in a fiscal year to a subrecipient shall... ensure that appropriate corrective action is taken within six months after receipt of the audit report in instances of non-compliance with Federal laws and regulations...". Appropriate corrective action may not have been taken by the Department in response to the audit finding. The Department obtained a letter from the subrecipient which states, "The amount of interest $4,097 was used for program purposes...". The interest was not refunded to the Department and the letter was the only information obtained by the Department to demonstrate the interest was used by the subrecipient in compliance with Intergovernmental Cooperation Act of 1968. (Public Law 90-557) 4,097

We recommend the Department require its subrecipients to provide independent evidence to support that the interest (which may be attributable to the Department's programs) was used by the subrecipient as required by federal laws and regulations.

13.658 **Foster Care - Title IV-E**

Types of Services Allowed or Unallowed

During our review of the Foster Care Program case files, we noted several files that did not contain a contract or agreement between the Department and the foster parent. There were several case files which did not have the required supporting documentation. -0-

We recommend the case workers review their files from time to time to determine that all documentation is in the case files that is required by the Department. Contracts between the Department and the foster parent are an integral part of each foster care case file and should be on file with the Department.

CFDA Number	Findings and Recommendations	Questioned Costs
13.658	**Foster Care - Title IV-E**	
	Cash Disbursements	
	The authorizing signatures on the documents provided by the counties to support the issuance of warrants were compared to the authorizing employee's signature in his/her personnel file. Based on this comparison the signatures of one of the documents appeared to have been made by someone other than the authorizing employee. OMB Circular A-102, Attachment G, 2 (c) states "Grantee financial management systems shall provide for effective control over and accountability for all funds, property and other assets."	600
	We recommend the Department implement a policy requiring written documentation which list those employees authorized to approve transactions. All authorized individuals should then sign his/her own name.	
13.667	**Social Services Block Grant**	
	Cash Disbursements	
	The authorizing signatures on the documents provided by the counties to support the issuance of warrants were compared to the authorizing employee's signature in his/her personnel file. Based on this comparison the signatures of one of the documents appeared to have been made by someone other than the authorizing employee. OMB Circular A-102, Attachment G, 2 (c) states, "Grantee financial management systems shall provide for effective control over and accountability for all funds, property and other assets."	116
	We recommend the Department implement a policy requiring written documentation which list those employees authorized to approve transactions. All authorized individuals should then sign his/her own name.	

CFDA Number	Findings and Recommendations	Questioned Costs

13.667

Social Services Block Grant

Cost Allocation

The time and effort report for the Speech and Hearing Unit allows for the employees to charge time to the following categories: "M.R. Services, Division of Children and Youth Services, Vocational Rehabilitation, C.C.U., and Other". The "Other" and "Vocational Rehabilitation" categories are not listed as potential cost objectives in the approved cost allocation plan. In addition, the Division of Children and Youth Services administers several different programs; however, the time from the Speech and Hearing Unit is exclusively allocated to the Social Services Block Grant. There is no written policy to indicate that this allocation is appropriate. The approved cost allocation plan indicated that the potential cost objectives for the Speech and Hearing Unit are "Title XIX, Crippled Children, MR Services and Title XX." OMB Circular A-87 states, "Indirect cost pools should be distributed to benefiting cost objectives on bases which will provide an equitable result in consideration of relative benefits derived."

6,446

We recommend the Department update the cost allocation plan to include all the potential cost objectives of the Unit. We also recommend that the time and effort reports indicate the name of federal programs charged rather than the Division which administers each federal program.

13.667

Social Services Block Grant

Cost Allocation

The Psychological Unit prepares a time and effort report which is used to allocate costs of the unit to the following potential cost objectives: "MEU, DCW, DSAF, and CRCS". The Division of Child Welfare (DCW) administers several different programs. However, the time of the Psychological Unit which is attributable to DCW is exclusively allocated to the Social Services Block Grant. 45 CFR subpart E, Section 95.507, (a)(4), states the cost allocation plan should include "...the procedures used to identify...all costs to each benefiting program and activity...".

-0-

We recommend the time and effort reports completed by the units indicate which federal programs' expenditures are to be allocated instead of divisions.

CFDA Number	Findings and Recommendations	Questioned Costs
13.667	**Social Services Block Grant**	
	Types of Services Allowed or Unallowed	
	In-home Day Care contracts were not made available to us for testing of day care expenditures and therefore, we were unable to determine that the Department had a contract with selected day care providers.	10,007
	We recommend copies of the DPS-DC-2 In-Home Day Care agreement be kept on file and readily accessible.	
13.667	**Social Services Block Grant**	
	Special Requirements	
	Some of the Day Care contracts during fiscal year 1988 had been notarized after the effective date of the contract. According to the Day Care Manual 534.21, "The Provider signs one copy of the contract (TXX-1), has it notarized and returns it to the licensing worker... which assigns a contract number and secures the signature of the director or his designee". Contracts should only be recognized as valid when they are complete and after they are notarized.	933,265
	We recommend the Department require contracts to be notarized on or before the effective date of the contract.	
13.667	**Social Services Block Grant**	
	Reporting	
	"An annual report must be made public at least every two years that describes the purpose of expenditures, activities performed, and funds and extent to which funds were spent in a manner consistent with the intended use report". (Social Security Act, §2006)(42 U.S.C., 1397c)	
	The Department was unable to provide us documentation to support that this requirement was met for fiscal year 1988.	-0-
	We recommend a notice be published, and the Department maintain documentation to support its compliance with the requirement.	

CFDA Number	Findings and Recommendations	Questioned Costs
13.667	**Social Services Block Grant** Types of Services Allowed or Unallowed Some of the Day Care contract dates for fiscal year 1988 were changed by using liquid paper. We recommend the Department execute new agreements if changes to any contracts are necessary.	39,069
13.714	**Medical Assistance Program** Status of Prior or Pending Disallowances The Department has incurred a disallowance as a result of findings by the Medicaid Quality Control Unit for the fiscal year ended June 30, 1981. (**Repeat Finding**)	1,165,431
13.714	**Medical Assistance Program** Cash Disbursements We were unable to find documentation fo two travel claims. We recommend the Department obtain copies of the lodging receitps for the two claims in question.	40
13.714	**Medical Assistance Program** Special Requirements We noted a pharmacy claim paid by Title XIX although Medical Services records indicate that the recipient had third party coverage for prescription drugs at the time the claim was processed. No explanation for this could be provided, and as a result, Title XIX funds may have been improperly expended. This could indicate an extensive problem; however, we are unable to determine the extent to which other similar claims might have passed through the system. We recommend the Department establish procedures which take reasonable measures to exhaust third party sources before paying the related claims. We also recommend the Department investigate the extent to which other similar claims might have passed through the system.	30

CFDA Number	Findings and Recommendations	Questioned Costs
13.714	**Medical Assistance Program** Special Requirements We noted a claim which was processed as purely Title XIX although Medical Services records indicate that the recipient had Medicare coverage at the time the claim was processed. No explanation could be provided, and as a result, Title XIX funds may have been improperly expended. This could indicate an extensive problem; however, we are unable to determine the extent of other similar claims charged to the program that might have passed through the system. We recommend the Department establish procedures which take reasonable measures to exhaust third party sources before paying the related claims. We also recommend the Department investigate the extent to which other similar claims might have passed through the system.	50
13.714	**Medical Assistance Program** Special Requirements The Department relies solely on the response of Title XIX applicants as to whether each applicant has automobile insurance. The Department has not implemented adequate procedures to verify the existence of private accident insurers as liable third parties. As a result, the Department may not be able to identify medical services which are the legal obligation of liable third parties. We recommend the Department enhance its procedures for identifying private accident insurers as liable third parties.	-0-
13.714	**Medical Assistance Program** Eligibility The Medicaid Quality Control (MQC) reviewers do not verify vehicle ownership properly (as defined in the MQC manual) for any cases they review. The MQC manual states vehicle ownership must be verified for all beneficiaries by viewing a primary or two secondary sources as defined in the manual. To verify vehicle ownership or non-ownership, the MQC reviewers use collateral statements as listed in the MQC manual. We recommend the Department set procedures to ensure that the MQC reviewers verify vehicle ownership by using a primary source or two secondary sources as listed in the MQC manual.	-0-

CFDA Number	Findings and Recommendations	Questioned Costs
13.714	**Medical Assistance Program** Types of Services Allowed or Unallowed Two claims were paid out of Title XIX administrative funds to occupational therapists for medical services. The Department could not provide us with written documentation of the allowability of these expenditures. As a result, the Department may have disbursed adminiscrative funds for unallowable expenditures. We recommend the Department establish written policies which define allowability of administrative expenditures.	380
13.714	**Medical Assistance Program** Cost Allocation The Department allocates telephone charges to the programs based on the number of employees. The basis for this allocation is not included in the cost allocation plan. We recommend the Department adhere to the approved cost allocation plan when allocating these costs.	34
13.714	**Medical Assistance Program** Cost Allocation The total Medical Services expenditures on the CST050 Report of Administrative Expenditures for the quarter ended March 31, 1988 did not agree to the total expenditures for Medical Services on the final cost allocation report. An incorrect adjustment for $1,200.19 had been made. We recommend the Department maintain supporting documentation for all differences between the CST050 and the final cost allocation report.	1,200

CFDA Number	Findings and Recommendations	Questioned Costs
13.780	**Assistance Payments - Maintenance Assistance** Eligibility The Management Information Division ran validation tests of social security numbers of AFDC recipients. The population of these recipients included all cases dated between July 1, 1987 through June 30, 1988. The test resulted in findings of 65 instances where one social security number was assigned to recipients with different names. The test also found 1,894 instances where recipients with the same name had more than one social security number. We were unable to determine the amount of question costs, if any, related to these findings. We recommend the Department provide adequate documentation for assurance that these cases are eligible to receive federal assistance. We also recommend the Department periodically conduct this verification test and investigate all cases where the social security number may be in question.	-0-
13.780	**Assistance Payments - Maintenance Assistance** Eligibility Personnel who oversee the administration of the programs are allowed to make ultimate resolution of errors identified by Quality Control. The OMB Compliance Supplement states, "The state is required to maintain a quality control process that reviews the determinations made by the state of recipient eligibility and authorized financial assistance payments and computes with statistical sampling methods, the number and dollar impact of incorrect determinations". We recommend the final determination of Quality Control errors be placed with an independent party within the Department.	-0-
13.780	**Assistance Payments - Maintenance Assistance** Cash Disbursements We found that no authorization signature appeared on the form provided by the county as the authorizing document for an issued warrant. OMB Circular A-102, Attachment G, 2(c) states, "Grantees shall adequately safeguard all...assets and shall assure that they are used solely for authorized purposes." We recommend the Department implement procedures to ensure that warrants are properly authorized.	75

CFDA Number	Findings and Recommendations	Questioned Costs
13.780	**Assistance Payments - Maintenance Assistance** Cash Disbursements We were unable to obtain supporting authorizing documents for two warrants. OMB Circular A-102, Attachment G, 2(b) states, "Grantee financial management systems shall provide for...records that identify adequately the source and application of funds for grant-supported activities..." We recommend the Department strengthen internal control to ensure all warrants have supporting authorizing documents.	412
13.780	**Assistance Payments - Maintenance Assistance** Cash Disbursements There were two warrants in which the amount on the warrant did not agree to the amount on the authorizing documents provided to us by the county. OMB Circular A-102, Attachment G, 2(g) states, "Grantee financial management systems shall provide for...accounting records that are supported by source documentation." We recommend the Department implement procedures to ensure the warrants are issued for the amount authorized.	121
13.780	**Assistance Payments - Maintenance Assistance** Eligibility The 3.11% error rate found by the Quality Control Unit in fiscal year 1988 for incorrect payments in the program exceeded the national standard of 3% set forth in the Code of Federal Regulations. The final sanction amount as a result of this error rate has not yet been determined by the Federal agency. The Department error rates in fiscal years 1987 and 1986 also exceeded 3%, but, has not received final resolution of the sanctions. The Code of Federal Regulations states, "In these rules we are establishing national standards of...three percent for all other states for incorrect payments in the AFDC Program". We were not able to determine the probable sanctions which may result from the error rates. We recommend the Department strengthen its internal controls to reduce the error rate.	-0-

CFDA Number	Findings and Recommendations	Questioned Costs
13.780	**Assistance Payments - Maintenance Assistance**	
	Eligibility	
	The Quality Control reviewers did not document the evaluation of conflicting documentation found in the county case files of selected recipients. Eligibility factors which had conflicting information were: Social Security number, living arrangement, unearned income, unearned income disregards and deductions, and proper persons in the budget. The AFDC Quality Control manual states, "...as the reviewer obtains evidence, he/she must evaluate it to ensure that...it does not conflict with other evidence or that the conflicts are resolved and documented". As a result, the Department may have made incorrect determinations of eligibility.	2,850
	We recommend the reviewers follow the AFDC Quality Control manual to ensure that eligibility determination is correct.	
13.780	**Assistance Payments - Maintenance Assistance**	
	Eligibility	
	The Quality Control reviewers did not resolve the conflicting documentation in the case files of selected recipients. The AFDC Quality Control manual states, "...as the reviewer obtains evidence, he/she must evaluate it to ensure that...it does not conflict with other evidence or that the conflicts are resolved and documented". Due to the fact that the conflicting information was based on a Social Security Number, the person could be receiving benefits under two different social security numbers.	11,694
	We recommend the Quality Control reviewers follow the Quality Control manual to ensure that proper eligibility determinations have been made.	

CFDA Number	Findings and Recommendations	Questioned Costs
13.780	**Assistance Payments - Maintenance Assistance** Eligibility The Quality Control reviewers did not obtain the proper sources of verification for the following factors used in determining recipient eligibility: bank account, vehicle, life insurance or other non-liquid resource, residency, living arrangement, relationship, and citizenship/alienage. The AFDC Quality Control manual states, "...minimum verification standards have been developed for eligibility determination. Primary evidence has a higher value than secondary evidence, therefore, when using secondary evidence, more than one source is required". As a result, the Department may have made incorrect determinations of eligibility. We recommend the Quality Control reviewers follow the AFDC Quality Control manual concerning the necessary verification for determining eligibility.	32,897
13.780	**Assistance Payments - Maintenance Assistance** Reporting Several estimation calculations reported on the Federal Financial Reports, SSA-65 and FSA-125, could not be traced to existing supporting documentation. The reports were prepared by an accountant who is no longer with the Department and his procedures could not be explained or verified. Circular A-102, Attachment G states, "Grantee financial management systems shall provide for accounting records that are supported by source documentation". We recommend written policies and procedures be established for maintaining sufficient and adequate supporting documentation, and explanations to support and verify any amounts reported on the federal financial reports.	-0-

CFDA Number	Findings and Recommendations	Questioned Costs
13.780	**Assistance Payments - Maintenance Assistance**	
	Reporting	
	The amount of "Recoupment for AFDC", submitted to the granting agency to support the federal share of decreasing claims for prior quarter (line 6j of the 12-31-87 FSA-41, Quarterly Statement of Expenditures) could not be traced to supporting documentation. Circular A-102, Attachment G states, "Grantee financial management systems shall provide for accounting records that are supported by source documentation." A difference appeared between the recoupment received amount on the 12-31-87 FSA-41 supporting document page 11, and the amount of the Department's Overpayment/Recoupment Billing Report. According to the Department, the difference was identified and corrected in a prior period adjustment.	13,688
	We recommend the Department implement written policies and procedures to assure that documentation is maintained for a sufficient time period.	
13.783	**Child Support Enforcement**	
	Special Requirements	
	No attempt to establish paternity appeared to have been made in four cases selected for testing. According to the Code of Federal Regulations, Title 45, Section 302.31, "The State Plan shall...in the case of a child born out of wedlock...establish the paternity of such child...". The Child Support Enforcement Unit did not establish paternity for these four cases.	-0-
	We recommend the Department develop procedures to assure that it complies with federal regulations in cases where establishment of paternity is required.	

CFDA Number	Findings and Recommendations	Questioned Costs
13.783	**Child Support Enforcement** Special Requirements Utilization of all sources of information available to locate absent parents were not documented in twenty-one cases. According to the Code of Federal Regulations, Title 45, Section 305.33 states, "A State must ... (a) be utilizing a central State PLS office...(b) be utilizing major local locate data sources...(c) be utilizing major State locate data sources...(d) be utilizing the Federal PLS when necessary...". We recommend the Department develop procedures to assure that all sources of information available to locate absent parents is utilized.	-0-
13.783	**Child Support Enforcement** Special Requirements No documentation could be found to indicate that the child support obligation was established by court order or formula in one of the cases selected for testing. According to the Code of Federal Regulations, Title 45, Section 302.50 "The State plan shall...constitute an obligation owed to the State by the individual responsible for providing such support...by (a) (1) Order of a court of competent jurisdiction...(b) (2) an amount determined in writing by the IV-D agency...". We recommend the Department implement procedures to assure that support obligations are established for all cases.	-0-
13.783	**Child Support Enforcement** Special Requirements No documentation could be found to indicate that the enforcement of the child support obligations were not attempted to the fullest extent possible in one case selected for testing. According to the Code of Federal Regulations, Title 454, Section 305.26, states,"In order to be found to be in compliance...a State must...(e) take appropriate action, using the procedures the State has established, to enforce support obligations (f) have attorneys or prosecutors to represent the State in court of administrative proceedings when necessary..." The Child Support Enforcement Unit's written procedures list the order of child support enforcement methods as (1) monthly billing statement (2) redirection orders (3) contacts with absent parent (4) income assignments (5) contempt of court citations (6) tax intercept referrals. The Child Support Enforcement Unit did not follow these procedures to enforce obligations in this case.	-0-

CFDA Number	Findings and Recommendations	Questioned Costs
	We recommend the Department follow procedures to assure that the enforcement of child support obligation was attempted to the fullest extent possible for all cases.	
13.783	**Child Support Enforcement - Title IV-D**	
	Eligibility	
	The application titled "Paternity Not Legally Established for AFDC Child Support", (Form C-55A), was not in the case file for one case selected for testing. According to the OMB Compliance Supplement for Child Support Enforcement "Eligible recipients are those applying for or receiving Aid to Families with Dependent Children for whom an assignment of child support rights has been made to the state; and individuals needing such services who have applied to a state child support enforcement agency." (45 CFR 302.33)	-0-
	We recommend the Department implement procedures to assure that all cases are in compliance with this requirement.	
13.783	**Child Support Enforcement**	
	Cash Disbursements	
	The approval signature on five travel claims did not appear to be that of the individual authorized to approve such claims. According to Section 330 A of the Office of State Finance Procedures Manual, "Travel Claims...shall be approved for payment only by the elected or appointed head of any state department, board, commission, institution or agency, or their designated administrative employees..." These travel claims show a signature of an authorized employee, but because of the inconsistency of the signature and the initials following some of the signatures, it appears that they were signed by someone other than the authorized individual.	1,356
	We recommend claims be authorized by only those designated by written policies and procedures of the Department.	

CFDA Number | Findings and Recommendations | Questioned Costs

13.783 **Child Support Enforcement**

Types of Services Allowed or Unallowed

Four claims for equipment were both depreciated and expensed during the first quarter of the State fiscal year 1988. OMB Circular A-102, Attachment G.2, states, "Grantee financial management systems shall provide for: (a) Accurate, current, and complete disclosure of the financial results of each grant program in accordance with reporting requirements...". Expenditures for equipment are included in both the cost allocation and the depreciation schedule. 14,463

We recommend the Department develop procedures to assure that charges for equipment are not both depreciated and expensed.

13.783 **Child Support Enforcement**

Special Requirements

Four files selected for review could not be furnished to the auditor. According to OMB Circular A-102, Attachment C: "...all other records pertinent to a grant shall be retained for a period of three years...". -0-

We recommend procedures be implemented to assure that records are retained and are accessible for the required period.

OKLAHOMA DEPARTMENT OF COMMERCE

13.783 **Child Support Enforcement**

Cash Management

The Department is carrying an advance outstanding of $18,809 from a sub-grantee for a Child Support program which the Department considers not to be their responsibility. The advance has been carried for more than two years. **(Outside Independent Audit Finding)** -0-

CFDA Number | Findings and Recommendations | Questioned Costs

DISTRICT ATTORNEY'S TRAINING COORDINATION COUNCIL

13.783 **Child Support Enforcement**

Cost Allocation

The basis for determining the wage compensation for the administration of the Child Support Grant does not appear reasonable for the period of July 1, 1987 through October 31, 1987. We were unable to determine questioned costs. -0-

We recommend the Council implement a new method for determining wage compensation which appears reasonable.

OKLAHOMA DEPARTMENT OF HUMAN SERVICES

13.789 **Low Income Home Energy Assistance**

Cash Disbursements

The Department could not provide a legible copy of a warrant register. OMB Circular A-102, Attachment G, 2(b) states, "...Grantee financial management systems shall provide for records that identify adequately the source and application of funds for grant supported activities." The warrant register was microfilmed in such a way that the print was illegible. 2,590

We recommend the Department implement procedures to ensure that all warrant registers are legible.

13.789 **Low Income Home Energy Assistance**

Reporting

Total expenditures as reported on the Schedule of Federal Financial Assistance could not be agreed to the Department's accounting records as shown below:

Expenditures from accounting records	$ 12,836,520.87
Expenditures from Federal Schedule	12,850,540.56
Unresolved Difference	$ (14,019.69)

The Department could not provide an explanation of the difference between the two records. -0-

We recommend the Department reconcile the two amounts.

CFDA Number	Findings and Recommendations	Questioned Costs
13.789	**Low Income Home Energy Assistance** Cash Disbursements We found one warrant in which the amount on the warrant did not agree to the amount on the authorizing documents provided to us by the county. OMB Circular A-102, Attachment G, 2(g) states, "Grantee financial management systems shall provide for...accounting records that are supported by source documentation." We recommend the Department implement procedures to ensure the warrants are issued for the amount authorized.	(115)
13.789	**Low Income Home Energy Assistance** Eligibility Only one energy authorization is required for volume billers regardless of the number of claims for payment submitted. Thirty selected case files contained authorizations to volume billers which did not list the total amount authorized. It does not appear that procedures have been implemented which require the inclusion of the total amount authorized on volume biller authorizations. Therefore, there is not enough information in these case files to determine whether the applicant received the correct level of assistance based on their income level, family size, and energy source. According to OMB Circular A-102, Attachment G, Paragraph 2 (b), "Grantee financial management systems shall provide for records that identify adequately the source and application of funds for grant supported activities." We recommend the total amount authorized be listed on the authorizations for volume billers.	2,705
13.789	**Low-Income Home Energy Assistance** Cash Management A budget is not prepared for this program. According to OMB Circular A-102, Attachment G, Paragraph 2(d), "Grantee financial management systems shall provide for comparison of actual cash outlays with budgeted amounts for each grant." We recommend a written budget be prepared.	-0-

CFDA Number | Findings and Recommendations | Questioned Costs

13.789 **Low-Income Home Energy Assistance**

Eligibility

One case file tested did not contain any supporting records for fiscal year 1988. This information could not be located by the Department's county office. OMB Circular A-102, Attachment G, Paragraph 2(b) states, "Grantee financial management systems shall provide for records that identify adequately the source and application of funds for grant supported activities." 61

We recommend controls be strengthened to assure that all appropriate records be maintained in county case files.

13.789 **Low-Income Home Energy Assistance**

Eligibility

Two case files tested did not list the amount authorized on the LIHEAP-105-H authorization form. Both cases were for renters with heating costs included in rent payments. Current procedures do not require that the amount authorized be included on an energy authorization for these cases. Therefore, it can not be determined from the information in the case file whether these applicants received the correct level of assistance based on their income level, family size, and energy source. OMB Circular A-102, Attachment G, Paragraph 2(b), states, "Grantee financial management systems shall provide for records that identify adequately the source and application of funds for grant supported activities." 114

We recommend the amount authorized be listed on authorizations for all payments.

13.789 **Low-Income Home Energy Assistance**

Eligibility

Two of the case files tested contained payments in excess of the applicant's eligibility level, (based on their income level, family size and energy source). It appears that the eligibility levels were not properly determined for these cases. OMB Circular A-102, Attachment G, Paragraph 2(b), states, "Grantee financial management systems shall provide for records that identify adequately the source and application of funds for grant supported activities." 164

We recommend controls be strengthened to assure that eligibility levels are properly determined for all cases.

CFDA Number | Findings and Recommendations | Questioned Costs

13.789 **Low-Income Home Energy Assistance**

Special Requirements

The OMB Compliance Supplement states, "Procedures must be established to notify recipient households of the amount of assistance paid on their behalf to home energy suppliers directly and require participating suppliers to agree to certain non-discrimination provisions." (Public Law 97-35, Section 2605 (b)(7)) (42 U.S.C. 8624)

The Department maintains records of these notices on microfiche. Notices for ten selected cases could not be located in the microfiche files. Therefore, it could not be determined whether the notices were actually prepared. -0-

We recommend procedures be implemented to assure that all claimant notices are recorded on microfiche records to allow verification of the notices.

13.789 **Low-Income Home Energy Assistance**

Types of Services Allowed or Unallowed

The OMB Compliance Supplement states, "A reasonable amount of funds must be reserved for intervention in an energy crises, e.g., weather related and supply shortage emergencies." (Public Law 97-35, Section 2604 (c)) (42 U.S.C. 8623)

The 1988 State Plan called for half of the funds set aside for energy crises assistance to be reserved until after March 15, 1988. According to a Department program supervisor, the amount reserved was only an approximation, and was also used for heating assistance.

It does not appear that procedures have been developed to reserve these funds in compliance with the terms of the State Plan. The Low-Income Home Energy Assistance program supervisor maintains that it is not feasible to comply with the exact terms of the State Plan. -0-

We recommend the Department implement procedures to ensure that it complies with this requirement in the State Plan.

CFDA Number | Findings and Recommendations | Questioned Costs

OKLAHOMA DEPARTMENT OF COMMERCE

13.792 **Community Services Block Grant**

Monitoring Subrecipients

During our testing of the Department's (primary recipient) system for insuring that federal financial assistance passed through to subrecipients is expended in accordance with applicable laws and regulations, we noted one instance in our sample of 56 subrecipients out of a universe of 318 subrecipients where the Department did not fully insure that a nonprofit subrecipient, Action, Inc., fully met the provisions of Attachment O of OMB Circular A-110 in obtaining professional services, i.e. "All procurement transactions shall be conducted in a manner to provide to the maximum extent practical open and free competition."

The Department initially allowed the subrecipient to competitively bid for professional services using a point system which gave a five point preference, out of possible 100 points, to the professional firm currently providing services to the subrecipient. After another professional services firm received the highest evaluation score during the bid process, the Department allowed the subrecipient to negotiate with the professional firm currently providing the service; i.e. allowed that firm to lower its sealed bid price to a point where that firm's evaluation points would be the highest; so that the firm currently being used by the subrecipient would be awarded the contract. (**Outside Independent Audit Finding**) 560

OKLAHOMA DEPARTMENT OF HUMAN SERVICES

13.802 **Social Security - Disability Insurance**

Reporting

The OMB Compliance Supplement states, "The Department is required to submit obligation reports each month showing actual obligations for the most recent month ended and estimates for the two succeeding months. These reports are due by the 25th after the close of each month." (Social Security Act, Section 221) (20 CFR Parts 404 and 416).

The Disability Determination Unit (DDU) and Disability Hearing Unit (DHU) expenditures are summarized onto the DDU/DHU Spending Plan and Monthly Report Worksheet, which is the basis for expenditures shown on the State Agency Monthly Report and Assessment of Obligations. Expenditures as shown on the March 1988 DDU/DHU Spending plan and Monthly Report Worksheet could not be agreed to expenditure ledgers. 2,130

CFDA Number	Findings and Recommendations	Questioned Costs
	We recommend procedures be implemented to assure that entries made to the program accounting records are correct and adequately supported by source documentation.	
13.802	**Social Security - Disability Insurance**	
	Reporting	
	The OMB Compliance Supplement states, "The Department is required to submit obligation reports each month showing actual obligations for the most recent month ended and estimates for the two succeeding months. These reports are due by the 25th after the close of each month." (Social Security Act, Section 221) (20 CFR Parts 404 and 416)	
	The basis for the expenditures shown on the State Agency Monthly Report and Assessment of Obligations is the DDU/DHS Spending Plan and Monthly Report Worksheet, which is summarized from the totals of the Disability Determination Unit (DDU) and the Disability Hearing Unit (DHU) expenditure ledgers. In attempting to trace expenditures from the March 1988, DDU/DHU Spending Plan and Monthly Report Worksheet to expenditure ledgers, two accounts were found to have been revised since preparation of the worksheet. Original versions of the expenditure ledgers were obtained and agreed to the worksheet, but no documentation was available to support the amount of the revisions.	15,759
	We recommend documentation be maintained to support the revisions to the expenditure ledgers.	
13.802	**Social Security - Disability Insurance**	
	Reporting	
	Specific source documentation could not be provided to support program records and the calculations used to prepare the State Agency Monthly Report and Assessment of Obligations, the quarterly SSA-4513 reports, and the quarterly Cost Effectiveness Measurement System (CEMS) input. We were unable to determine the proper amount which should have been reported.	-0-
	We recommend source documentation be maintained for all calculation used to prepare totals shown on all federal financial reports.	

13.802 Social Security - Disability Insurance

Reporting

The OMB Compliance Supplement states, "The Department is required to submit and certify actual obligations for each quarter on form SSA-4513. These cumulative reports are required to be received in the Social Security Administration Central office the 25th day after the close of each quarter of the federal fiscal year." (Social Security Act, Section 221) (20 CFR Parts 404 and 416). -0-

In testing the quarterly federal financial reports for the quarter ended March 31, 1988, the cover letter attached to the reports was dated April 26, 1988. Therefore, it does not appear that the reports were submitted to the Social Security Administration within 25 days after the close of the quarter as required.

We recommend the Department implement procedures to assure that the federal financial reports are submitted in a timely manner.

13.802 Social Security - Disability Insurance

Types of Services Allowed or Unallowed

In the evaluation of personnel files of thirty randomly selected Disability Determination Unit employees, one employee did not appear to meet the experience requirement for his position at the time of his appointment. The State Office of Personal Management approved this employees appointment to the position.

The OMB Compliance Supplement states, "The Department is required to insure that all employees have an acceptable level of competence..." (Social Security Act, Section 221) (20 CFR Parts 404 and 416). -0-

We recommend the Department obtain documentation from the State Office of Personal Managment which indicates why the Office determined that the employee had the necessary qualifications for the position to which he was approved.

CFDA Number	Findings and Recommendations	Questioned Costs
	OKLAHOMA DEPARTMENT OF MENTAL HEALTH	
13.992	**Alcohol and Drug Abuse and Mental Health Services Block Grant**	
	Cost Allocation	
	The Department appears to be allocating payroll and motor pool costs to this grant without the benefit of a formal cost allocation plan. (**Repeat Finding**)	-0-
	The Department should establish and implement a formal cost allocation plan.	
13.992	**Alcohol and Drug Abuse and Mental Health Services Block Grant**	
	Monitoring of Subrecipients	
	It was noted that one of the Fiscal Year 1988 independent audits submitted was not performed in accordance with the GAO's Standards for Audit of Governmental Organizations, Activities, Programs and Functions and no follow-up was performed to correct this deficiency.	-0-
	All independent audits performed on facilities should be performed in accordance with the GAO's Standards for Audit of Governmental Organizations, Activities, Programs and Functions.	
	OKLAHOMA DEPARTMENT OF HEALTH	
13.994	**Maternal and Child Health Services Block Grant**	
	General Fixed Assets	
	Three items costing more than $100 did not appear on the fixed asset listing. (**Repeat Finding**)	1,954
	We recommend all items costing more than $100 be included on the fixed asset listing.	

CFDA Number	Findings and Recommendations	Questioned Costs
13.994	**Maternal and Child Health Services Block Grant** General Fixed Assets Twelve items costing more than $100 were not included on the fixed asset listing. (These are in addition to the three items not listed in the prior years.) We recommend all items costing over $100 be included on the fixed asset listing.	1,890
13.994	**Maternal and Child Health Services Block Grant** Cash Receipts and Cash Disbursements The amounts passed-through to the Department of Human Services ($784,362) are not included in revenues, nor are the federal expenditures incurred by the Department of Human Services ($1,127,112) included in expenditures reported by the Department of Health on its Schedule of Federal Financial Assistance. We recommend both revenues and expenditures of the Department for this program be included on the Schedule of Federal Financial Assistance.	-0-
13.994	**Maternal and Child Health Services Block Grant** Monitoring Subrecipients There are not adequate procedures to monitor subrecipients of this program. We recommend the internal auditor perform the procedures necessary to comply with Circular A-128, Audits of State and Local Governments, Section 9.	-0-
	OKLAHOMA DEPARTMENT OF COMMERCE	
14.228	**Community Development Block Grants/State's Program** Cash Receipts We noted that the Department has accounted for $38,200 in program income received on Community Development Block Grant funded economic development financial arrangements, as an offset to an account receivable account rather than as federal financial assistance income. **(Outside Independent Audit Finding)**	-0-

CFDA Number | Findings and Recommendations | Questioned Costs

14.228 **Community Development Block Grants/State's Program**

Reporting

We tested each of the five major federal financial assistance programs' financial reporting procedures to include performance reports that were sent to the federal government and that included financial information. One of the reports tested, State of Oklahoma 1988 Performance Evaluation Report Community Development Block Grant, had differences between the official books of account and the figures reported to the federal government.

Several amounts reported in the State Community Development Block Grant's Performance/Evaluation Report as of June 30, 1988 for the Community Development Block Grant grants for 1982, 1983, 1984, 1985 and 1987 did not agree with the official books of account as follows:

Year	Category	Reported	Official Books	
1982	Amount Drawdown	$ 17,972,912	$ 18,343,255	-0-

Outside Independent Audit Finding)

OKLAHOMA DEPARTMENT OF TOURISM AND RECREATION

15.916 **Outdoor Recreation Acquisition, Development and Planning (Land and Water Conservation Fund Grant)**

Monitoring Subrecipients

The agency does not require audits of subrecipients who receive $25,000 or more of federal funds as required by OMB Circular A-128. -0-

We recommend obtaining outside audits from all subrecipients receiving $25,000 or more of federal funds. We also recommend procedures be implemented to insure corrective action is taken on all findings disclosed by the audit.

CFDA Number | Findings and Recommendations | Questioned Costs

OKLAHOMA DEPARTMENT OF CORRECTIONS

16.572 **Mariel - Cubans**

Federal Financial Reports

The Financial Status Reports (Form H-1) is not dated, therefore, it is not possible to determine whether the report was submitted on a timely basis. -0-

We recommend the Department maintain documentation which states the date each federal report was submitted.

DISTRICT ATTORNEY'S TRAINING COORDINATION COUNCIL

16.573 **Criminal Justice Block Grant**

Cash Disbursements

During the audit period it appears federal and state monies were deposited into the same fund. Nine non-federal claims were paid from this fund. We were unable to determine whether state of federal monies were used to pay these claims. 16,810

16.575 **Crime Victim Assistance**

Cash Disbursements

During the audit period it appears federal and state monies were deposited into the same fund. Nine non-federal claims were paid from this fund. We were unable to determine whether state of federal monies were used to pay these claims. 16,810

16.579 **State and Local Narcotics Control Assistance Grant**

Cash Disbursements

During the audit period it appears federal and state monies were deposited into the same fund. Nine non-federal claims were paid from this fund. We were unable to determine whether state of federal monies were used to pay these claims. 16,810

CFDA Number	Findings and Recommendations	Questioned Costs
	OKLAHOMA EMPLOYMENT SECURITY COMMISSION	
17.225	**Unemployment Insurance**	
	Cash Disbursements	
	The Commission implemented new EDP Unemployment Insurance programs. As a result, the following problems were noted:	
	The written amount did not agree with the numeric amount on the face of five issued warrants.	-0-
	The amount of four warrants did not agree to the amount on the check register.	-0-
	Eighty-eight benefit warrants issued were duplicate payments.	-0-
	We recommend the Commission develop procedures to assure that all programs are adequately tested before being implemented.	
17.225	**Unemployment Insurance**	
	Record Retention	
	The application to become a reimbursing employer could not be located in four (4) of nineteen (19) accounts tested.	
	The OESC Act of 1988, Section 3-808, indicates a written notice of election to become liable for payments in lieu of contributions will be filed with the Commission.	-0-
	We recommend the Commission keep the application on file as required by the OESC Act of 1988.	

CFDA Number	Findings and Recommendations	Questioned Costs
	OKLAHOMA DEPARTMENT OF VETERANS AFFAIRS	
17.250	**Job Training Partnership Act** Reporting The Job Training Partnership Grant was not reported on the Schedule of Federal Financial Assistance for fiscal year 1988. The Final Expenditures Report for February 1986 through June 1987 reflects a balance of $3,729.18 which does not agree with the prior years ending balance as reported on the Schedule of Federal Financial Assistance. Neither of these amounts could be adequately supported. All federal programs should be reported on the Schedule of Federal Financial Assistance and be supported by adequate documentation.	3,729
	OKLAHOMA DEPARTMENT OF TRANSPORTATION	
20.205	**Highway Planning and Construction** Reporting During our testwork of the Federal Billing Process, we noted one claim in a sample of 100, where a claim coded as Participation Code 1 (which is federally coded) was charged to a Participation Code 2 (non-federal). This error was corrected in fiscal year 1989.	-0-
20.205	**Highway Planning and Construction** Reporting Upon review of the Federal Aid Billing System we noted a six month (December thru May) period in which no billings were sent to the Federal Highway Administration. Further investigation revealed this gap in billings was caused by the implementation of a new computer system. The new system was not paralleled by the old system to ensure a steady flow of transactions to the Federal Highway Administration until approval of the new system was obtained from the Federal Highway Administration. This gap resulted in a decrease of cash flow for the Department in Fiscal Year 1988. We recommend the Department continue its operations manually until the new System is properly functioning.	-0-

CFDA Number	Findings and Recommendations	Questioned Costs
20.600	**State and Community Highway Safety** Monitoring Subrecipients OMB Circular A-128 requires granting agencies to obtain audits on subrecipients that receive federal funds in excess of $25,000. The Oklahoma Department of Transportation did not receive audits for all subrecipients receiving $25,000 or more in federal funds. We recommend the Department obtain these audits from the subrecipients and determine whether subrecipients are complying with federal program regulations as part of their subrecipient monitoring procedures.	-0-
	OKLAHOMA DEPARTMENT OF VETERANS AFFAIRS	
64.005	**Grants to States for Construction of State Home Facilities** Cash Disbursements A bond payment was approved by the Assistant Director for $223,713, however, the amount of $228,210 was actually paid. We were unable to determine which amount was proper. We recommend only approved amounts be paid.	4,587
64.005	**Grants to States for Construction of State Home Facilities** Cash Disbursements The amount reflected on the supporting documentation for a claim, did not agree to the claim amount. We recommend claims agree to the invoice amounts and any discounts or variances be noted on the invoice.	300

CFDA Number	Findings and Recommendations	Questioned Costs
64.005	**Grants to States for Construction of State Home Facilities** Davis-Bacon Act The hourly rate paid to the workers by the subcontractors for construction at the Claremore and Talihina Centers did not comply with the prevailing wage scale provided to us by the U.S. Department of Labor. As a result, it appears that the Department is not in compliance with the Davis-Bacon Act. We recommend the Department adhere to the requirement set forth by the Davis-Bacon Act.	-0-
64.005	**Grants to States for Construction of State Home Facilities** General Fixed Assets During our physical observation of equipment, an exam table priced at $1,093, was found in a bath area/storage room in the old wing at the Talihina Center. The exam table was purchased with federal funds received for construction of the new wing. The item is not being used in accordance with the terms of the federal agreement. We recommend the equipment purchase be used to comply with federal requirements or that the Department determine the Federal government reversionary rights.	1,093
64.005	**Grants to States for Construction of State Home Facilities** General Fixed Assets The costs of equipment purchased with federal funds as reported on the equipment cards at the Talihina Center did not agree to the costs reflected on the actual invoices. We recommend accounting records for the purchase of equipment agree to the actual invoice.	1,061

CFDA Number | Findings and Recommendations | Questioned Costs

64.005 **Grants to States for Construction of State Home Facilities**

Cash Management

OMB Circular A-102, Attachment G requires grantees to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement of those funds. From July 1987 through June 1988 the Department drew $6,631,352.15 against its federal construction grant, while it had $113,505.44 in related expenditures during that period. Therefore, it appears that the Department had not complied with the cash management requirements. -0-

We recommend the Department establish and implement procedures in order to comply with OMB Cicular A-102.

64.005 **Grants to States for Construction of State Home Facilities**

Reporting

The expenditures reported on the Outlay Reports and Requests for Reimbursement (Form SF-2N) included those construction costs incurred by a Bond Authority as well as those incurred by the Department. This results in federal draws in excess of the immediate needs of the Department.

Furthermore, the amounts reported on the Outlay Report and Requests for Reimbursement for Construction Programs (SF-271) do not agree with underlying accounting records of the Department. Therefore, we were unable to identify the amount of actual costs incurred by the Department.

We recommend the Department report only the expenditures it has incurred and should not report expenditures incurred by other entities.

We recommend the Department maintain adequate supporting documentation of all transactions. -0-

CFDA Number	Findings and Recommendations	Questioned Costs
64.005	**Grants to States for Construction of State Home Facilities** Reporting The Federal Outlay Report and Request for Reimbursements for Construction Projects were not filed in a timely manner. According to OMB Circular A-102, Attachment H 4.(b)(2), these reports shall be submitted at least monthly. Only one report per project was filed from January, 1988 through July, 1988. We recommend the Department file the Federal Outlay Report and Request in a timely manner.	-0-
64.014	**Veterans State Domiciliary Care** Reporting The amount of federal aid claimed for domiciliary care on the State Home Report and Statement of Federal Aid Claimed (Form SF10-558) for the quarter ending March 1988, was overstated by $7. We recommend amounts reported be reviewed and approved to eliminate possible errors.	7
64.014	**Veterans State Domiciliary Care** Reporting The amount of federal aid claimed on the State Home Report and Statement of Federal Aid Claimed (Form SF10-558) for the quarter ending December 1987 was overstated by $15. Miscalculation of the number of "Veteran Days of Care Furnished" resulted in the overstatement. We recommend reports be reviewed and approved prior to submission to eliminate possible errors.	15
64.014	**Veterans State Domiciliary Care** Special Requirement All of the patient files we reviewed at Talihina, Form 10-10 "Application for Medical Benefits" did not contain patient signatures. We recommend the patient signature or patient guardian signature be present on all approval forms.	-0-

CFDA Number | Findings and Recommendations | Questioned Costs

64.015 **Veterans State Nursing Home Care**

Cost Allocation

Funding for the Veterans State Nursing Care Home program provided by the federal granting agency follows:

> "For each veteran provided nursing home care, formula payments to the State are $17.05 per diem or one-half the cost of care, whichever is less."

The procedures used by the Norman Center in determining the direct and indirect costs used in the computation of "cost of care" are inconsistent with the procedures prescribed by the Central Office. -0-

We recommend the Department establish adequate procedures to assure that all Centers appropriately and consistently compute the "cost of care" for the program.

64.015 **Veterans State Nursing Home Care**

Reporting

The Talihina Center did not maintain ledger printouts to support the expenditures reported on the State Home Report and Statement of Federal Aid Claimed (VA Quarterly Reports (Form SF10-558)). We were unable to balance the quarterly reports to the records maintained at the central office. Therefore, we were unable to obtain adequate supporting documentation for the amount of expenditures reported on August 1987 and January 1988 reports. -0-

We recommend the Department maintain adequate documentation to support amounts reported on the VA Quarterly Reports.

64.015 **Veterans State Nursing Home Care**

Types of Services Allowed or Unallowed

There was no supporting documentation to indicate if the expenditure is allowable in accordance with OMB Circular A-87:

One claim had no documentation for emergency assistance. We recommend a copy of an application for emergency assistance be attached to the claim or a summarization of the emergency situation and approval. 468

CFDA Number	Findings and Recommendations	Questioned Costs
	Another claim had no documentation for the expenditures made from the petty cash fund. We recommend supporting documentation for these transactions be attached to the claim.	99
	Two claims totaling $1,163 had no documentation with the claim. We recommend a log book be maintained as documentation for the disbursement of stamps.	1,163
64.015	**Veterans State Nursing Home Care**	
	Reporting	
	The beginning cash balances reported on the client prepared Schedule of Federal Financial Assistance for the State Veterans Nursing Home Care Program do not agree to the State Home Report and Statement of Federal Aid Claimed (VA Quarterly Report (Form SF10-558)).	1,223,141
	We recommend amounts reported be adequately documented and agree or be reconciled to the State Home Report and the Statement of Federal Aid Claimed.	
64.015	**Veterans State Nursing Home Care**	
	Reporting	
	On the client prepared Schedule of Federal Financial Assistance for the State Veterans Nursing Home Care Program, the ending cash balances did not agree to the State Home Report and Statement of Federal Aid Claimed (VA Quarterly Report (Form SF10-558)).	752,706
	We recommend all amounts reported on the Schedule of Federal Financial Assistance be adequately supported and agree to the State Home Report and Statement of Federal Aid Claimed.	
64.015	**Veterans State Nursing Home Care**	
	Reporting	
	The expenditures reported on the Schedule of Federal Financial Assistance for the State Veterans Nursing Home Care Program do not agree with the expenditures claimed on line 17 of the State Home Report and Statement of Federal Aid Claimed (VA Quarterly Report (Form SF10-558)).	(1,402,010)
	We recommend expenditures reported on the Schedule of Federal Financial Assistance agree and be adequately supported or reconciled to by the State Home Report and Statement of Federal Aid Claimed.	

CFDA Number	Findings and Recommendations	Questioned Costs
64.016	**Veterans State Hospital Care**	
	Special Requirement	
	All of the patient files we reviewed at Talihina, Form 10-10 "Application for Medical Benefits" did not contain patient signatures.	-0-
	We recommend the patient signature or patient guardian signature be present on all approval forms.	
	OKLAHOMA CONSERVATION COMMISSION	
66.419	**Water Pollution Control - State and Interstate Program Support**	
	Matching and Level of Effort	
	For the Federal Water Quality Program, there are no written policies and procedures in effect to insure that state matching requirements are met.	-0-
	We recommend written policies and procedures as described above be implemented.	
	OKLAHOMA DEPARTMENT OF POLLUTION CONTROL	
66.419	**Water Pollution Control - State and Interstate Program Support**	
	Cost Allocation	
	The Department's last indirect cost negotiation occurred in November 1984 and applied to the fiscal year ended June 30, 1985. The agreement specified a provisional rate of 89.47%. This rate has subsequently been used through the fiscal year ended June 30, 1987. Provisional rates are temporary rates established to allow the obligation and payment of funds until actual indirect costs can be determined and a final rate established.	
	Actual indirect costs have not been calculated by the Department during these periods or submitted to the EPA for indirect costs negotiations.	
	Once a final indirect cost rate is established for these periods, adjustments for over or underrecovery of indirect costs will occur. Delays in obtaining the final rates could result in a significant adjustment.	-0-
	We recommend the Department calculate the indirect costs associated with the programs for those periods and submit the results to EPA.	

CFDA Number	Findings and Recommendations	Questioned Costs
66.419	**Water Pollution Control - State and Interstate Program Support** Types of Services Allowed or Unallowed Written policies and procedures have not been established to preclude the charging of costs not allowed by the OMB Circular A-87. (**Repeat Finding**) We recommend policies be established for the review of claims to insure compliance with the Circular. Policies should also be established for costs requiring prior grantor approval.	-0-
66.419	**Water Pollution Control - State and Interstate Program Support** Types of Services Allowed or Unallowed A documented comparison is not made between budgeted indirect costs and those indirect costs charged to the programs. (**Repeat Finding**) We recommend a periodic comparison of these costs be documented to insure that budgeted amounts are not exceeded.	-0-
66.419	**Water Pollution Control - State and Interstate Program Support** Monitoring Subrecipients The Department does not currently enter into agreements or contracts with subgrantees that are provided program funds. Many of the federal regulations over the programs apply to both the grantee and subgrantee. (**Repeat Finding**) We recommend the Department require signed agreements with subgrantees, which include provisions for nondiscrimination clauses and applicable audit requirements.	-0-

CFDA Number	Findings and Recommendations	Questioned Costs
66.419	**Water Pollution Control - State and Interstate Program Support**	
	Monitoring Subrecipients	
	The Department does not require its subrecipients who receive $25,000 or more in federal funds to submit audits in compliance with Office of Management and Budget (OMB) Circular A-128.	
	According to the Circular, it is the responsibility of the recipient of federal funds (ODPC) to establish a system of obtaining and reviewing subrecipient audits and to insure that prompt corrective action is taken on noncompliance matters. (**Repeat Finding**)	-0-
	We recommend related procedures be developed.	
	OKLAHOMA DEPARTMENT OF HEALTH	
66.432	**State Public Water System Supervision**	
	Cash Disbursements	
	One travel claim was noted on which the lodging was reimbursed at a higher rate than allowable.	4
	We recommend all travel expenses be reimbursed only at the allowable rate.	
	OKLAHOMA DEPARTMENT OF POLLUTION CONTROL	
66.435	**Water Pollution Control - Lake Restoration Cooperative Agreements**	
	Types of Services Allowed or Unallowed	
	Written policies and procedures have not been established to preclude the charging of costs not allowed by the OMB Circular A-87. (**Repeat Finding**)	-0-
	We recommend policies be established for the review of claims to insure compliance with the Circular. Policies should also be established for costs requiring prior grantor approval.	

CFDA Number	Findings and Recommendations	Questioned Costs
66.435	**Water Pollution Control - Lake Restoration Cooperative Agreements** Types of Services Allowed or Unallowed A documented comparison is not made between budgeted indirect costs and those indirect costs charged to the programs. (**Repeat Finding**) We recommend a periodic comparison of these costs be documented to insure that budgeted amounts are not exceeded.	-0-
66.435	**Water Pollution Control - Lake Restoration Cooperative Agreements** Monitoring Subrecipients The Department does not currently enter into agreements or contracts with subgrantees that are provided program funds. Many of the federal regulations over the programs apply to both the grantee and subgrantee. (**Repeat Finding**) We recommend the Department require signed agreements with subgrantees, which include provisions for nondiscrimination clauses and applicable audit requirements.	-0-
66.435	**Water Pollution Control - Lake Restoration Cooperative Agreements** Monitoring Subrecipients The Department does not require its subrecipients who receive $25,000 or more in federal funds to submit audits in compliance with Office of Management and Budget (OMB) Circular A-128. According to the Circular, it is the responsibility of the recipient of federal funds (ODPC) to establish a system of obtaining and reviewing subrecipient audits and to insure that prompt corrective action is taken on noncompliance matters. (**Repeat Finding**) We recommend related procedures be developed.	-0-

CFDA Number	Findings and Recommendations	Questioned Costs
66.435	**Water Pollution Control - Lake Restoration Cooperative Agreements**	
	Cost Allocation	
	The Department's last indirect cost negotiation occurred in November 1984 and applied to the fiscal year ended June 30, 1985. The agreement specified a provisional rate of 89.47%. This rate has subsequently been used through the fiscal year ended June 30, 1987. Provisional rates are temporary rates established to allow the obligation and payment of funds until actual indirect costs can be determined and a final rate established.	
	Actual indirect costs have not been calculated by the Department during these periods or submitted to the EPA for indirect costs negotiations.	
	Once a final indirect cost rate is established for these periods, adjustments for over or underrecovery of indirect costs will occur. Delays in obtaining the final rates could result in a significant adjustment.	-0-
	We recommend the Department calculate the indirect costs associated with the programs for those periods and submit the results to EPA.	
	OKLAHOMA CONSERVATION COMMISSION	
66.454	**Water Quality Management Planning**	
	Matching and Level of Effort	
	For the Federal Water Quality Program, there are no written policies and procedures in effect to insure that state matching requirements are met.	-0-
	We recommend written policies and procedures as described above be implemented.	

CFDA Number	Findings and Recommendations	Questioned Costs

OKLAHOMA DEPARTMENT OF POLLUTION CONTROL

66.454 **Water Quality Management Planning**

Cost Allocation

The Department's last indirect cost negotiation occurred in November 1984 and applied to the fiscal year ended June 30, 1985. The agreement specified a provisional rate of 89.47%. This rate has subsequently been used through the fiscal year ended June 30, 1987. Provisional rates are temporary rates established to allow the obligation and payment of funds until actual indirect costs can be determined and a final rate established.

Actual indirect costs have not been calculated by the Department during these periods or submitted to the EPA for indirect costs negotiations.

Once a final indirect cost rate is established for these periods, adjustments for over or underrecovery of indirect costs will occur. Delays in obtaining the final rates could result in a significant adjustment. -0-

We recommend the Department calculate the indirect costs associated with the programs for those periods and submit the results to EPA.

66.454 **Water Quality Management Planning**

Types of Services Allowed or Unallowed

Written policies and procedures have not been established to preclude the charging of costs not allowed by the OMB Circular A-87. (**Repeat Finding**) -0-

We recommend policies be established for the review of claims to insure compliance with the Circular. Policies should also be established for costs requiring prior grantor approval.

66.454 **Water Quality Management Planning**

Types of Services Allowed or Unallowed

A documented comparison is not made between budgeted indirect costs and those indirect costs charged to the programs. (**Repeat Finding**) -0-

We recommend a periodic comparison of these costs be documented to insure that budgeted amounts are not exceeded.

CFDA Number	Findings and Recommendations	Questioned Costs
66.454	**Water Quality Management Planning**	
	Monitoring Subrecipients	
	The Department does not currently enter into agreements or contracts with subgrantees that are provided program funds. Many of the federal regulations over the programs apply to both the grantee and subgrantee. (**Repeat Finding**)	-0-
	We recommend the Department require signed agreements with subgrantees, which include provisions for nondiscrimination clauses and applicable audit requirements.	
66.454	**Water Quality Management Planning**	
	Monitoring Subrecipients	
	The Department does not require its subrecipients who receive $25,000 or more in federal funds to submit audits in compliance with Office of Management and Budget (OMB) Circular A-128.	
	According to the Circular, it is the responsibility of the recipient of federal funds (ODPC) to establish a system of obtaining and reviewing subrecipient audits and to insure that prompt corrective action is taken on noncompliance matters. (**Repeat Finding**)	-0-
	We recommend that related procedures be developed.	
	OKLAHOMA DEPARTMENT OF COMMERCE	
81.042	**Weatherization Assistance for Low-Income Persons**	
	Reporting	
	We tested each of the five major federal financial assistance program's financial reporting procedures for required financial reports. Two required financial reports from one of the major federal financial assistance from one program had differences between the official books of account and the figures reported to the federal government.	
	Final Federal Cash Transactions Report (SF 272) for the period ended March 31, 1988 (end of budget period) on the accrual basis indicated cash-on-hand of $3,351.61 and total receipts of $1,088,443.00. Actual receipts for this program were $1,090,809 with an ending cash balance of $5,727.61 as of June 30, 1988. A revised (end of budget period) report was not issued.	

CFDA Number	Findings and Recommendations	Questioned Costs
	Financial Status Report (SF 269) reported Federal Share of Grantee Administration of $147,940 while books of account indicate that the final amount was $147,930. (**Outside Independent Audit Finding**)	-0-
81.042	**Weatherization Assistance for Low-Income Persons**	
	Monitoring Subrecipients	
	During our testing of the Department's (primary recipient) system for insuring that federal financial assistance passed through to subrecipients is expended in accordance with applicable laws and regulations, we noted one instance in our sample of 56 subrecipients out of a universe of 318 subrecipients where the Department did not fully insure that a nonprofit subrecipient, Action, Inc., fully met the provisions of Attachment 0 of OMB Circular A-110 in obtaining professional services, i.e. "All procurement transactions shall be conducted in a manner to provide to the maximum extent practical open and free competition."	
	The Department initially allowed the subrecipient to competitively bid for professional services using a point system which gave a five point preference, out of possible 100 points, to the professional firm currently providing services to the subrecipient. After another professional services firm received the highest evaluation score during the bid process, the Department allowed the subrecipient to negotiate with the professional firm currently providing the service; i.e. allowed that firm to lower its sealed bid price to a point where that firm's evaluation points would be the highest; so that the firm currently being used by the subrecipient would be awarded the contract. (**Outside Independent Audit Finding**)	210
	OKLAHOMA CIVIL DEFENSE	
83.516	**Disaster Assistance Program**	
	Types of Services Allowed or Unallowed	
	One project did not have a final inspection report. According to the Federal Emergency Management Agency, all projects of $25,000 or more must be inspected by a State or Federal inspection, with a final inspection report signed by the Federal inspector.	79,152

CFDA Number	Findings and Recommendations	Questioned Costs
83.516	**Disaster Assistance Program**	
	Federal Financial Reports	
	The Federal Cash Transactions Report for December, 1987 could not be reconciled to agency records.	-0-
	We recommend all federal reports be reconciled to agency records.	
	OKLAHOMA DEPARTMENT OF EDUCATION	
84.027	**Handicapped State Grants**	
	Cash Disbursements	
	One travel claim was noted on which the mileage reimbursed exceeded mileage allowed.	5
	We recommend the Department follow established travel policies.	
	OKLAHOMA DEPARTMENT OF LIBRARIES	
84.034	**Library Services - LSCA - Title I**	
	Monitoring Subrecipients	
	The subrecipients fiscal monitoring system seemed ineffective in determining whether the program was administered in accordance with the subgrantee agreement. The Department paid Title I subgrantees $414,517.98 for fiscal year 1988. **(Repeat Finding)**	
	The monitoring system is in the process of being enhanced in order to assure the propriety of subgrantee expenditures, reporting procedures in program administration.	-0-
	We recommend the Department continue to improve its monitoring system.	

CFDA Number | Findings and Recommendations | Questioned Costs

84.034 **Library Services - LSCA - Title I**

Cost Allocation

The amount of state matching costs reported by the Department was determined by applying the percentage of applicable employees' time and effort to the total expenditures from state funds. The percentage of applicable employees' time and effort was based on the Department management's allocation of estimated employee's time and effort applicable to grant programs. In 1988 the allocations were made by employee hours.

Upon review of the Department's 1988 cost allocation table, we noted that 100% of most administrative employees' time, including the director and the assistant director, was allocated to the federal programs. The cost allocation plan states, "the Department's costs of executive, administrative fiscal, accounting and purchasing staff's activities may be considered 100% eligible." However, the tables indicate these costs as 100% applicable. Due to the lack of actual time and effort reports or other supporting documentation, we were unable to determine the propriety of these allocations, or the resulting questioned costs, if any. (**Repeat Finding**) -0-

We recommend actual time and effort reports be used to support the proprietary of these allocations.

84.034 **Library Services - LSCA - Title I**

General Fixed Assets

The Department does not perform physical inventory observations of nonexpendable personal property. OMB Circular A-102, Attachment N requires, "...a physical inventory of property shall be taken and the results reconciled with the property records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference." (**Repeat Finding**) -0-

We recommend the Department develop and implement a formal policy regarding physical observations of such assets.

CFDA Number	Findings and Recommendations	Questioned Costs
84.035	**Interlibrary Cooperation and Resource Sharing - LSCA - Title III**	
	General Fixed Assets	
	The Department does not perform physical inventory observations of nonexpendable personal property. OMB Circular A-102, Attachment N requires, "...a physical inventory of property shall be taken and the results reconciled with the property records at least once every two years. Any differences between quantities determined by the Physical inspection and those shown in the accounting records shall be investigated to determine the causes of the differences." (**Repeat Finding**)	-0-
	We recommend the Department develop and implement a formal policy regarding physical observations of such assets.	
	OKLAHOMA DEPARTMENT OF VOCATIONAL AND TECHNICAL EDUCATION	
84.048	**Vocational Education - Basic Grants to States (Carl Perkins)**	
	Cash Disbursements	
	An overpayment was made on a travel claim paid to a Vo-Tech employee. The double occupancy rate was paid instead of the single occupancy rate.	32
	We recommend the agency more closely monitor travel claims to ensure the correct reimbursement is made to the claimant.	
	OKLAHOMA DEPARTMENT OF HUMAN SERVICES	
84.126	**Rehabilitation Services - Basic Support**	
	Cash Disbursements	
	Nine claims were paid out of Vocational Rehabilitation funds for which an approval signature was made by an employee who did not have the authority to approve the purchase. The Department has not established written criteria for the approval of purchase documents; however, allowing various employees to sign the authorizing employee's signature diminishes the credibility of the approval signature of the authorized employee.	134,452
	We recommend the Department strengthen internal controls by having written documentation which list those employees authorized to approve transactions. All authorized individuals should then sign his/her own name.	
	OKLAHOMA DEPARTMENT OF LIBRARIES	

CFDA Number | Findings and Recommendations | Questioned Costs

OKLAHOMA DEPARTMENT OF LIBRARIES

84.154 **Public Library Construction - LSCA - Title II**

General Fixed Assets

The Department does not perform physical inventory observations of nonexpendable personal property. OMB Circular A-102, Attachment N requires, "...a physical inventory of property shall be taken and the results reconciled with the property records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference." (**Repeat Finding**) -0-

We recommend the Department develop and implement a formal policy regarding physical observations of such assets.

OFFICE OF HANDICAPPED CONCERNS

84.161 **Client Assistance for Handicapped Individuals**

General Fixed Assets

A log of property and equipment purchased with federal funds is maintained by the Office. However, no property or ownership tags are attached to equipment to identify items purchased with Federal funds.

Records indicate that a physical inventory has not been taken since 1985. According to OMB Circular A-102, Attachment N, physical inventory counts should be taken bi-annually. -0-

We recommend the Office establish procedures to ensure that physical inventory counts are taken on a periodic basis. All property and equipment purchased with federal funds should be noted on a fixed asset listing. We further recommend the item number or tag number be logged into the inventory log for each respective item.

CFDA Number	Findings and Recommendations	Questioned Costs
84.161	**Client Assistance for Handicapped Individuals** Cash Management The Office does not maintain a ledger reflecting allotment, encumbrance or cash balances. Therefore, the possibility exists for federal funds to be on hand after three (3) days. We recommend the Office develop accounting records with controls to assure that federal funds are expended within three (3) days time limit as required by federal rules and regulations.	-0-
84.161	**Client Assistance for Handicapped Individuals** Reporting We were unable to complete a review of the Schedule of Federal Financial Assistance. Documentation was not available to support the amounts reported on the Schedule of Federal Financial Assistance. We recommend the Office develop procedures and maintain documentation to support all figures included on the Schedule of Federal Financial Assistance.	-0-
84.161	**Client Assistance for Handicapped Individuals** Control Environment There appears to be no written policy and procedure for the retention of records maintained at the Office. Federal regulations and state law requires the retention of records for a minimum of three (3) and five (5) years respectively. We recommend procedures be developed for the retention of all records.	-0-
84.161	**Client Assistance for Handicapped Individuals** Payroll Payroll costs were charged for the secretary position to the federal program at the rate of 60%. This exceeds actual time charged to time sheet. We recommend the Office develop procedures to charge actual time to federal program based on time recorded on time sheet.	-0-

CFDA Number	Findings and Recommendations	Questioned Costs
	OKLAHOMA DEPARTMENT OF AGRICULTURE	
All Federal Programs	Reporting	
	Although the Department has procedures for preparing their Schedule of Federal Financial Assistance, it appears these procedures were not followed in preparing the fiscal year 1988 schedule. The following errors were noted on the Department's schedule:	
	1) The schedule did not foot or cross-foot.	-0-
	2) The fiscal year 1988 beginning cash balance did not agree with the fiscal year 1987 ending cash balance for the Federal - State Marketing Improvement Program (CFDA #10.156). The beginning cash balance exceeded the ending cash balance by $26,644.	26,644
	We recommend the Department follow its established procedures to assure proper preparation of its Schedule of Federal Financial Assistance.	
All Federal Programs	Reporting	
	It appears the Department has not established procedures to ensure all federal assistance is included on its Schedule of Federal Financial Assistance. The fiscal year 1988 schedule does not reflect assistance received by contract nor assistance received under grant title "Housing Preservation".	-0-
	We recommend the Department establish procedures to ensure all federal assistance is included on its Schedule of Federal Financial Assistance.	
	OKLAHOMA CIVIL DEFENSE AGENCY	
All Federal Programs	Federal Financial Reports	
	The Agency does not report federal funds received or disbursed for indirect costs on its Federal Cash Transactions Report (SF-272).	-0-
	We recommend the Agency report federal funds received or disbursed on its Federal Cash Transaction Report.	

CFDA Number	Findings and Recommendations	Questioned Costs
All Federal Programs	Property and Equipment The Agency does not include use and condition information on its equipment listing as required by OMB Circular A-102, Attachment N.	-0-
	OKLAHOMA DEPARTMENT OF COMMERCE	
All Federal Programs	Cost Allocation In our testing of the charges which are elements of the Department's indirect cost pool, we noted that the Department in May, 1987 entered into a lease purchase agreement with the Oklahoma Development Authority to finance the acquisition of a copy, the lease purchase costs of which are charged to the indirect cost pool. In accordance with Attachment B, Standards for Selected Items of Cost, to OMB Circular A-87, Cost Principles for State and Local Governments, the interest charges associated with this lease purchase for the year ended June 30, 1988, $1,324, should not be allowed as a cost element in the indirect cost pool. (**Outside Independent Audit Finding**)	499
	OKLAHOMA DEPARTMENT OF CORRECTIONS	
All Federal Programs	Federal Financial Reports The Schedule of Federal Financial Assistance prepared by the agency contains federal cash balances remaining from prior years grants which is not in compliance with federal cash management requirements. We recommend the Department remit all unused federal money to the grantor in a timely manner.	-0-

CFDA Number	Findings and Recommendations	Questioned Costs
	OKLAHOMA DEPARTMENT OF EDUCATION	
All Federal Programs	Reporting The Department was audited by the Office of Inspector General in the area of statistical data reports which are submitted to the Office of Education's Educational Statistics Center. The years audited were 1982 and 1983, which determined the Department's federal program allocations for 1985 and 1986. The audit indicated that Oklahoma received an over-allocation. This matter is still pending. We recommend the Department implement procedures to ensure statistical data submitted to the Office of Education is accurate.	6,200,000
All Federal Programs	Monitoring Subrecipients The Department's procedures for determining if corrective action has been taken by the subrecipient on findings noted in independent audits is inadequate. We recommend the Department implement procedures to determine subrecipients have taken corrective action on findings noted in independent audits.	-0-
	OKLAHOMA EMPLOYMENT SECURITY COMMISSION	
All Federal Programs	Cost Allocation Five Monthly Time Distribution Reports (OES-211) in a sample of 120, were not approved by the employee's supervisor. (**Repeat Finding**) We recommend the Supervisor review and sign all reports and that someone be assigned the responsibility of reviewing all reports to assure that they have the appropriate signature.	-0-
All Federal Programs	Cost Allocation In a sample of 120 Monthly Time Distribution Reports (OES-211), we noted four for which the summary portion totals did not agree with the daily portion totals. These monthly totals are used in the time distribution process of the Cost Allocation System, and could result in a misstatement of distribution percentages. (**Repeat Finding**) We recommend the Monthly Time Distribution Report be reviewed to assure that the information is consistent.	-0-

CFDA Number	Findings and Recommendations	Questioned Costs
All Federal Programs	Civil Rights The Commission's Affirmative Action Plan provides for equal employment and economic opportunity at every level without regard to race, color, religion, age, disability, sex, or national origin. This plan complies with the grantors' requirement as a condition of financial assistance. However, there are six cases pending which may result in findings of non-compliance. We recommend the Commission continue to enforce and monitor the Affirmative Action Plan.	-0-
All Federal Programs	Property and Equipment Property and equipment records are not maintained in accordance with Circular A-102, Attachment N. A physical count of fixed assets is performed on an "as-workload-permits" basis rather than required. Circular A-102, Attachment N, states, "a physical inventory of property shall be taken and the results reconciled with property records at least once every two years." We recommend a physical count of fixed assets be a requirement rather than an option.	-0-

DEPARTMENT OF HEALTH

All Federal Programs

Cost Allocation

The following data entry errors were noted in the time and effort system:

Date	Program	Hours over or (Under) Charged	Questioned Costs
10-87	Adult Prevention	(2)	$ (20.74)
10-87	Laboratory	2	20.74
10-87	Dysplasia	1	9.66
10-87	WIC - Nutrition Education	1	9.66
10-87	WIC	2	19.32
10-87	Immunization	1	9.66
10-87	All Personal Health/Local Health Programs	1	9.66
10-87	WIC - Nutrition Education	(5)	(25.00)
10-87	Home Health Care	5	25.00
10-87	All Personal Health/Local Health Programs	(24.66)	(232.54)
3-88	WIC - Nutrition Education	2.66	17.40
3-88	Family Planning	(1)	(6.54)
3-88	Barber Shop	2	10.00
3-88	All Personal Health/Local Health Programs	(2)	(10.00)
3-88	Pregnancy Nutrition Surveillance	.33	2.00
3-88	Adult Prevention	(6)	(36.42)
3-88	General Communicable Diseases	(5)	(44.60)
10-87	Family Planning	(1)	(6.23)
10-87	Accident/Injury Prevention	1	6.23
10-87	All Personal Health/Local Health Programs	(13.33)	(190.22)
3-88	General Communicable Disease	(.66)	(6.38)
3-88	HTLV III Antibody	.67	6.47
3-88	Child Health Supervision	(2.67)	(28.44)
3-88	Ambulatory Obstetric Care	(2.67)	28.44
3-88	Ambulatory Obstetric Care	(.34)	(2.22)
3-88	All Personal Health/Local Health Programs	.67	4.38
3-88	Child Health Supervision	5.00	42.80
	Total	$(35.66)	$(387.91)

We recommend the Department implement procedures to insure the accuracy and timely availability of the time and effort data.

CFDA Number

Findings and Recommendations

Questioned Costs

All Federal Programs

Civil Rights

The Department's Affirmative Action Plan provides for equal employment and economic opportunity at every level without regard to race, color, religion, age, disability, sex or national origin. This plan complies with the grantor's requirement as a condition of financial assistance. However, there are six cases pending which may result in findings of non-compliance. -0-

We recommend the Department continue to enforce and monitor the Affirmative Action Plan.

OKLAHOMA DEPARTMENT OF HUMAN SERVICES

All Federal Programs

Matching

Many of the federal programs administered by the Department have "matching" requirements. To compute the state matching expenditures for each federal program, the Department computes the "total" expenditures and multiplies the "total" expenditures times the required matching percentage.

The accounting system of the Department does not provide for segregating expenditures for each federal program nor does it segregate the state and federal monies which funded those program expenditures. Both federal and state monies are deposited into the same funds and accounts.

OMB Circular A-102, Attachment F, states, "...All contributions, both cash and in-kind, shall be accepted as part of the grantee's matching share when such contributions meet all of the following criteria: (1) Are verifiable from the grantee's records; (2) Are not included as contributions for any other federally-assisted program; (3) Are necessary and reasonable for proper and efficient accomplishment of project objectives; (4) Are types of charges that would be allowable under FMC 74-4. (5) Are not paid by the federal government under another assistance agreement unless authorized under the other agreement and the laws and regulation it is subject to. (6) Are provided for in the approved budget when required by the Federal agency; and (7) Conform to other provisions of this Attachment."

As a result of the Department's procedures, we were unable to obtain complete assurance that the Department fully met the matching requirements for all federal programs. -0-

We recommend the Department establish an accounting system which will match state and federal revenues to their respective expenditures.

CFDA Number	Findings and Recommendations	Questioned Costs
All Federal Programs	Cost Allocation The costs of the central purchasing unit are not being allocated based on the proportion of the total number of requisitions as required by the cost allocation plan. Expenditures for the unit are being allocated based on the proportionate share of salaries and benefits previously distributed to each cost objective. The Department has not adjusted the plan to reflect the change in the method of allocation for this unit. We recommend the Department revise the cost allocation plan and submit these revisions to the Department of Health and Human Services - Division of Cost Allocation for approval.	-0-
All Federal Programs	Reporting The amount of federal revenue reported on the Department's Schedule of Federal Financial Assistance did not agree with the amount of federal revenue reported on the Department's financial statements. We obtained a reconciliation which showed the reconciling transactions between the schedule and the financial statements. It appeared that some of the reconciling transactions might be "federal financial assistance" as defined by the Single Audit Act of 1984 and OMB Circular A-128. OMB Circular A-128 states the auditor is required to issue an report on "a schedule of Federal assistance, showing the total expenditures for each Federal assistance program as identified in the Catalog of Federal Domestic Assistance. Federal programs or grants that have not been assigned a catalog number shall be identified under the caption 'other Federal assistance'." The Department does not have a central division which is responsible for identifying and accounting for all federal programs. We recommend the Department designate a central division which is responsible for identifying an accounting for all federal programs administered by the Department.	227,148
All Federal Programs	Cash Management We were unable to determine how the Department met the following cash management requirement for all federal programs "...the Grantee's financial management system shall contain procedures to minimize the time elapsed between the transfer of funds from the U.S. Treasury and the program that is administered by the Department." We recommend the Department establish written procedures and documentation to support its compliance with this requirement.	-0-

CFDA Number	Findings and Recommendations	Questioned Costs
All Federal Programs	Cash Management The Department reported cash requirements on hand at the end of the quarter that was greater than 3 days for three of twelve quarterly PMS 272 - Federal Cash Transactions Report, reports that were tested. The Department did not provide an explanation as to why the draw-down was made prematurely or any other reason for the excess cash. According to the instructions for preparing the Federal Cash Transactions Report (272) found in Attachment H of Circular A-102, the Department is required to "Enter the estimated number of days until the cash on hand, shown on Line 11, will be expended. If more than three days requirements are on hand, provide an explanation under "Remarks" is required to show why the draw-down was made prematurely, or other reasons for the excess cash." The amount of cash drawn on the letter-of-credit for the quarter exceeded the cash disbursements during the quarter, resulting in a cash balance on hand at the end of the quarter that exceeded three days. We recommend the Department establish procedures that will assure that not more than three days cash requirements are on hand.	-0-
All Federal Programs	Cash Management The Department is not consistent with the calculation of the number of days in a quarter that is used to compute the "cash requirements for the ensuing (number) of days" on the Federal Cash Transaction Report (PMS 272). The Department used either the number of business days in a quarter or the number of calendar days in a quarter in its computation. According to OMB Circular A-102, the grantee financial management system shall provide for "accurate , current and complete disclosure of the financial results of each grant program." We recommend the Department establish procedures that will assure consistency in the calculation of the "cash requirements" for the ensuing number of days.	-0-

CFDA Number	Findings and Recommendations	Questioned Costs
All Federal Programs	Cash Management The Department's financial management system does not include records that accumulates the receipts, disbursements and funds available by federal program. According to OMB Circular A-102, Attachment G, the Grantee financial management systems shall provide for "Records that identify adequately the source and application of funds for grant-supported activities." We recommend the Department establish a system of accounting that will adequately identify the receipts, disbursements and funds available by federal program.	-0-
All Federal Programs	Cost Allocation The Random Moment Time Study (RMTS) is not being administered in accordance with the approved policies. The cost allocation plan Appendix A, Page 1, states,"The worker should respond to an interview or questionnaire thereby recording their specific activity or task at the moment." Appendix A.1, part 7, section 3.g states, "...if worker cannot be located for any other reason (in field, attending meeting, etc.), leave form RS-ADM-S-1C on the worker's desk." We sent a questionnaire to several RMTS Coordinators asking them the procedures they used when a worker could not be located. Two of the Coordinators indicated that they did not leave the form RS-ADM-S-1C on the worker's desk, when the worker could not be located. We recommend those people administering the random moment time study make proper use of form RS-ADM-S-1C.	-0-
All Federal Programs	Cost Allocation Nineteen employees were selected for the Random Moment Time Study (RMTS) for the quarter ended March 31, 1988 but the response to their interview was not recorded on the RS-ADM-S-1B Interview Log. The approved cost allocation plan, Appendix A.1, Paragraph 2, states, "Form RS-ADM-1B must be used to record all scheduled interviews for the Random Moment Time Study". The RMTS Coordinators failed to complete the form as required. We recommend the Department strengthen internal control to ensure proper use of form RS-ADM-1B.	-0-

CFDA Number	Findings and Recommendations	Questioned Costs
All Federal Programs	Cost Allocation The Random Moment Time Study (RMTS) included in the approved cost allocation plan does not clearly define which employees of the Department should be included in the population from which the Random Moment Time Study sample is selected. Any employee whose salary was allocated by percentages obtained from the Random Moment Time Study should be included in the population. We tested the population based on that assumption and found two employees whose time was allocated by percentages obtained from the Random Moment Time Study but were not included in the population from which the Random Moment Time Study was selected. The approved cost allocation plan indicates on pages 90 and 92 that the basis for allocation for costs in the above pools should be based on the "...Random Moment Time Study...". We recommend the Department amend the cost allocation plan to clearly define which emplyees should be included in the popluation from which the Radom Moment Time Study is selected.	-0-
All Federal Programs	Cost Allocation The allocation percentages used for the Psychological Unit in the cost allocation for the quarter ended March 31, 1988 did not agree with the proportion of evaluations for that quarter. Page 107, of the approved cost allocation plan indicates that the basis for allocation of the Psychological Unit is the "proportion of evaluations during the period." The proportion of evaluations for January and February 1988, were used in the allocation and the March 1988 evaluations were not included for the cost allocation for the quarter ended March 31, 1988. We recommend the Department implement procedures to ensure that the Finance Division receives all the time/effort reports necessary to complete the quarterly cost allocation report.	-0-
All Federal Programs	Civil Rights The Commission's Affirmative Action Plan provides for equal employment and economic opportunity at every level without regard to race, color, religion, age, disability, sex, or national origin. This plan complies with the grantors' requirement as a condition of financial assistance. However, there are cases pending which may result in findings of non-compliance. We recommend the Commission continue to enforce and monitor the Affirmative Action Plan.	-0-

CFDA Number	Findings and Recommendations	Questioned Costs
All Federal Programs	Cost Allocation The Administrative Review Unit does not have any procedures to assure that the total number of cases assigned from the Management Information Division (MID) matches the number of cases sent to the Finance Division to be used in the allocation base for the cost allocation. OMB Circular A-87 states "All costs included in the plan will be supported by formal accounting records which will substantiate the propriety of eventual charges." We recommend the Department implement adequate procedures to assure that all cases reviewed have been accounted for in the allocation base for the cost allocation.	205,829
All Federal Programs	Cost Allocation The Department's fiscal year 1988 organizational chart does not match the organizational chart listed in the approved cost allocation plan. The code of Federal Regulations page 352, Section B.1, states that the cost allocation plan shall contain, "An organizational chart showing the placement of each unit whose costs are charged to the programs operated by the State." We recommend the Department update the organizational chart in the cost allocation plan and submit it for approval to the Department of Health and Human Services - Division of Cost Allocation.	-0-
All Federal Programs	Property and Equipment A significant percentage of the Equipment Inventory System records did not include the use of the item, the condition of the item, and the ownership of the item. According to OMB Circular A-102, Attachment N, the grantee's property management standards shall include these items. We recommend these items be added to the Equipment Inventory System records.	-0-

CFDA Number	Findings and Recommendations	Questioned Costs
All Federal Programs	Property and Equipment For seven items tested the purchase prices recorded on the "Additions Listing" and the Equipment Inventory System did not agree to the purchase prices on the supporting claims for the same items. OMB Circular A-102, Attachment G, requires "...Accounting records that are supported by source documentation." We could not verify that the proper purchase price was recorded on the additions listing and the Equipment Inventory System. We recommend procedures be implemented to assure that entries made to the Equipment Inventory System agree to the supporting source documentation.	65,495
All Federal Programs	Property and Equipment For two items tested, we were unable to locate items listed in the Equipment Inventory System at the current location to which they are assigned. OMB Circular A-102, Attachment N states, "The grantee's property management standards shall include...location, use, and condition of the property..." The property records have not been updated to indicate the current location of the property. We recommend procedures be implemented to assure that information, such as location, is updated in the property records.	-0-
All Federal Programs	Property and Equipment For three items tested, the Department's property records did not include the serial number for all items. According to OMB Circular A-102, Attachment N, "The Grantee's property management standards for non-expendable personal property shall include...(the) manufacturer's serial number". The Department does not always include the serial number on equipment property records. We were not able to identify the property adequately without the manufacturer's serial number. We recommend the manufacturer's serial number be included on the Department's Property and Equipment Listing.	-0-

CFDA Number | Findings and Recommendations | Questioned Costs

All Federal Programs

Cost Allocation

The cost of the food and nutrition unit are allocated based on an estimate of time spent for each program. The Food and Nutrition Unit cannot substantiate the amount of time spent by employees, on each program. OMB Circular A-87 states amounts charged to grant programs "...must be supported by appropriate time and attendance or equivalent records for individual employees. Salaries and wages of employees chargeable to more than one grant program or other cost objective will be supported by appropriate time distribution records". -0-

We recommend the Department set up a method of accounting for the time spent by employees on each program.

BUREAU OF NARCOTICS AND DANGEROUS DRUGS

– **Criminal Narcotics Program**

Monitoring Subrecipients

An audit was not received from Midwest City Police Department who received over $25,000 in funds from this program. -0-

We recommend audits be required and reviewed for all subrecipients receiving $25,000 or more of federal funds as required by OMB Circular A-128.

OKLAHOMA DEPARTMENT OF TRANSPORTATION

All Federal Programs

Civil Rights

The Department's Affirmative Action Plan provides for equal employment and economic opportunity at every level without regard to race, color, religion, age, disability, sex, or national origin. This plan complies with the grantors' requirement as a condition of financial assistance. However, there are thirteen cases pending which may result in findings of non-compliance. -0-

We recommend the Department continue to enforce and monitor the Affirmative Action Plan.

CFDA Number | Findings and Recommendations | Questioned Costs

OKLAHOMA DEPARTMENT OF VETERANS AFFAIRS

All Federal Programs

Cash Disbursements
Types of Services Allowed or Unallowed

The Departments accounting system does not provide for the segregation of expenditures for each federal program or project. -0-

We recommend the Department implement an accounting system which complies with OMB Circular A-102, Attachment G. Internal account numbers should be assigned for each federal program and project. The accounting system should provide for accumulating and segregating expenditures for each program or project.

All Federal Programs

General Fixed Assets

The equipment records at the Veterans Centers do not include the following information required by OMB Circular A-102, Attachment N: -0-

1) Source of the property including grant or other agreement number.
2) Whether title vests in the grantee or the federal government.
3) Acquisition date (or date received if the property was furnished by the federal government) and cost.
4) Percentage (at the end of the budget year) of Federal participation in the cost of the project or program for which the property was acquired (not applicable to property furnished by the federal government).
5) Location, use and condition of the property and the date the information was reported.
6) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a grantee compensates the Federal agency for its share.

All Federal Programs

Cash Receipts

The official deposits of federal funds did not contain a signed certification stating that the funds received were in compliance with SB-326, (1981 First Session), as required by Section 680.D. of the Office of State Finance procedures manual. -0-

CFDA Number	Findings and Recommendations	Questioned Costs
All Federal Programs	Payroll Detailed timesheets which indicate time charged to each federal program are not prepared by Department employees. We were unable to determine the proper amount of administrative costs which should be charged to federal programs or if reimbursement for those costs exceed the actual costs. We recommend this method of determining administrative costs be adhered to, in order to properly charge federal programs.	-0-
All Federal Programs	Civil Rights We noted instances in which civil rights complaints were filed or pending which indicate possible violation of the Civil Rights Act. We recommend the Department adhere to the Civil Rights Act as part of the General Requirements for Federal Programs.	-0-
	OFFICE OF STATE FINANCE	
State Wide Cost Allocation Plan	Cost Allocation There are no written procedures that document the process of formulating the cost allocation plan. We recommend written procedures be formulated that document each step of the allocation process.	-0-